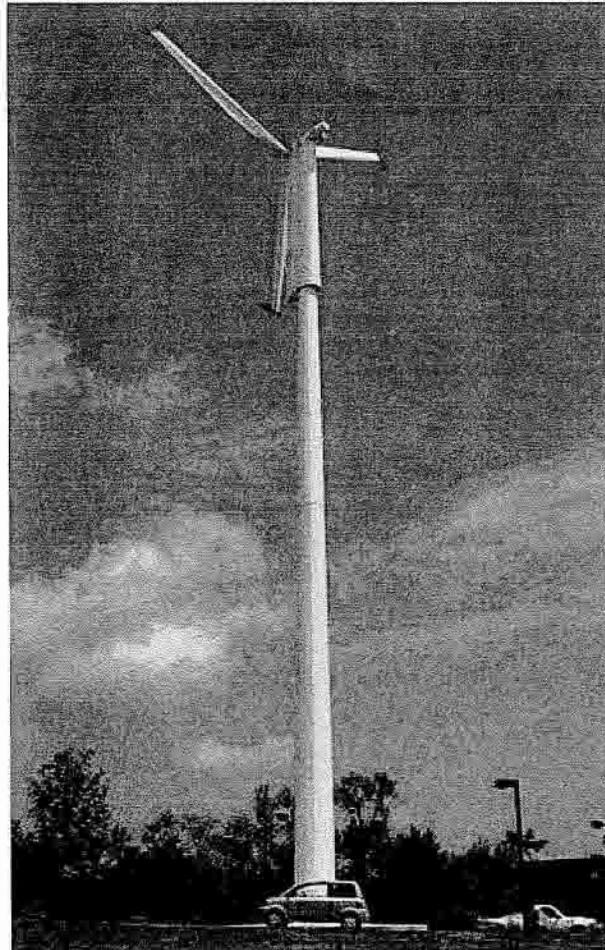


**CITY OF SACO, MAINE**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For Fiscal Year Ended June 30, 2008**



**The City installed a Zenn 2.22 energy efficient wind turbine on December 4, 2007. The turbine is located on York Hill in Saco. Zenn stands for "Zero Emissions No Noise"**

Prepared by:  
Beth A. Cote, MBA  
Finance Director, City of Saco, Maine

**City of Saco, Maine**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2008**

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**City of Saco, Maine**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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**City of Saco, Maine**  
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# ***INTRODUCTORY SECTION***

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## City of Saco

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### Finance Office

Beth A. Cote, MBA Finance Director  
Saco City Hall  
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June 15, 2009

Honorable Richard L. Michaud, Mayor  
and Distinguished Members of the City Council  
300 Main Street  
Saco, Maine 04072

The comprehensive annual financial report of the City of Saco, Maine for the fiscal year ended June 30, 2008, is hereby submitted in accordance with the requirements of both our City Charter and state statutes. The Charter and statutes require that the City of Saco issue annually a report of its financial position and activity, and that this report be audited by an independent firm of certified public accountants. This is the eighth year that the City's Department of Finance has prepared this report using the new reporting requirements as prescribed by GASB Statement No. 34. Responsibility for both the accuracy of the data presented, and the completeness and fairness of the presentation, including all disclosures, rests with the City of Saco. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner that presents fairly the financial position and results of operations of the City of Saco on a government wide and fund basis. All disclosures necessary to enable the reader to gain the maximum understanding of the City's activities have been included. The City was successful in achieving the Government Finance Officer's Association Certificate of Achievement for Excellence in Financial Reporting for the seventh time with our June 30, 2007 comprehensive annual financial report submittal. A copy of this certificate can be found immediately following this letter of transmittal.

The comprehensive annual financial report is prepared in accordance with Accounting Principles Generally Accepted in the United States of America (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

The City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984, and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. The "Single Audit" is designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. Information related to this single audit, including a schedule of federal financial assistance, findings, recommendations and the independent auditor's reports on the internal control and compliance with applicable laws and regulations, are included in a separately issued single audit report.

Accounting Principles Generally Accepted in the United States of America (GAAP) require that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Saco, Maine's MD&A can be found immediately following the report of the independent auditors.

## **Governmental Structure, Local Economic Condition and Outlook**

The City of Saco, Maine, incorporated in 1867, is located at the mouth of the Saco River on the southerly side of Saco Bay in the Gulf of Maine, in the southern coastal section of the State and is approximately the tenth largest city in the State of Maine. The City of Saco continues to be a key area within the state for residential growth, as well as a key area where industrial and commercial companies are investing. The City of Saco was ranked among the top five cities within the State of Maine for this growth. Saco has a land area of 38.5 square miles and a population of 16,822. The City is empowered to levy a property tax on both real and personal property located within its boundaries.

The City operates under the Mayor -Council – City Administrator form of government. Policy making and legislative authority is vested in the seven member City Council. The Council is elected on a non-partisan basis. The mayor and all council members are elected to two-year terms from seven districts (wards). The City Council is responsible, among other things, for passing ordinances, adopting the budget, confirming mayoral nominations of committees and the City Administrator. The City Administrator is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of the City's departments, some with City Council confirmation.

The City of Saco, Maine provides a full range of services, including police and fire protection; sanitation services; the construction and maintenance of highways, streets and infrastructure; waste water treatment plant; solid waste collection; public education; health and social welfare; recreation; general administration and economic development.

The annual budget serves as the foundation for the City of Saco's financial planning and control. All departments of the City of Saco are required to submit requests for appropriation to the Finance Director in January of each year. The City's Finance Director uses these requests as the starting point for developing a proposed budget. The City Administrator then presents this proposed budget to the City Council for review in March of each year. The City Council is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Both transfers of appropriations within a department and between various departments require the approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the basic financial statements for the governmental funds.

### **Major Initiatives Fiscal Year 2008-2009**

After much work, financial planning and commitment to our vision of making Saco a community with a high quality of life for all its citizens, the City again ends the year in a solid financial position. Central to this vision is a sustainable economy that offers an opportunity for everyone to have rewarding employment and for business to prosper, now and in the future. The people of Saco have brought this vision into reality by working together and building on our tradition of hard work, dedication and ingenuity.

**Economic Development.** The City has worked tirelessly to improve the economic development climate in Saco, and the proof of those efforts is the steady increase in the City's assessed valuation, which is due primarily to growth in the industrial and commercial sector. Notable additions to the City's economic development base are due primarily to the City's continually expanding industrial park project, which now includes several new businesses. There are also numerous residential dwellings being constructed.

**Assessed Valuation.** For the 17th consecutive year, the City's valuation has steadily increased, with the exception of fiscal year June 30, 1999, where the valuation slightly decreased due to the State mandated homestead exemption of approximately \$25 million. This exemption reduced the taxable valuation for the taxpayers of the City but was substituted by a reimbursement from the State. Since fiscal year 1991, the assessed valuation has risen from \$729,675,000, to this year's \$1,995,056,400. This equates to a 173% increase over this 17-year period. However, this increase has not been reflected proportionately between residential and commercial growth. In 1990, residential property accounted for 68% of the City's valuation. This year, residential property taxes will also account for approximately 80% of the taxes paid, while business/industry will account for 20%.

**Financial Management.** The City is committed to ensuring sound financial management of the public's funds. This includes development of a 5 year Financial Plan (2003-2008), which incorporates City Council goals and objectives, maintaining sufficient fund balances in major governmental funds, and adhering to the highest management standards. This financial plan was recently updated after our last (fiscal year 2006) with the election of our new City Council and will be updated again in fiscal 2009 after our next election.

**Capital Improvements & Debt Service.** The City has prepared a 5 year Capital Improvement Plan Policy. This policy outlines all of the capital assets currently owned by the City, their historical costs, their estimated useful lives, and their estimated replacement years and costs. With this information, the City will be better able to plan for replacements which will aid in our budget preparation in future years as we will have a better idea of fiscal impacts due to replacement being projected. In the current fiscal year, approximately \$2,084,687 was budgeted to fund various capital improvement projects, including numerous capital asset additions and infrastructure maintenance projects. The city continues to remain significantly below state mandated thresholds for allowable debt liability.

**Comprehensive Plan.** A comprehensive plan for the City's development was adopted in October of 1999. This plan sets out development policies and goals for capital planning for the next decade and is updated frequently.

**Interlocal service efforts with the City of Biddeford and the Town of Old Orchard Beach.** Saco, Biddeford and Old Orchard Beach continue to build among the many services we provide jointly, including the harbor river patrol efforts, various training efforts for employees, combined purchasing to take advantage of economies of scale, and combined negotiations of cable franchise agreements, to name just a few. Interlocal agreements are also in place for fire, police and emergency management services.

**Biddeford-Saco-Old Orchard Beach Transit Committee.** The City is a member of the Biddeford-Saco-Old Orchard Beach Transit Committee which is a jointly governed organization. The Committee has operated a public mass transit passenger bus service within and between the three municipalities under a voluntary interlocal agreement since 1977. The City of Saco's contribution to the committee for the year ended June 30, 2008 was \$55,000. The Transit Committee does not meet the definition of a component unit or a joint venture because there is no ongoing financial interest or responsibility by the participating governments.

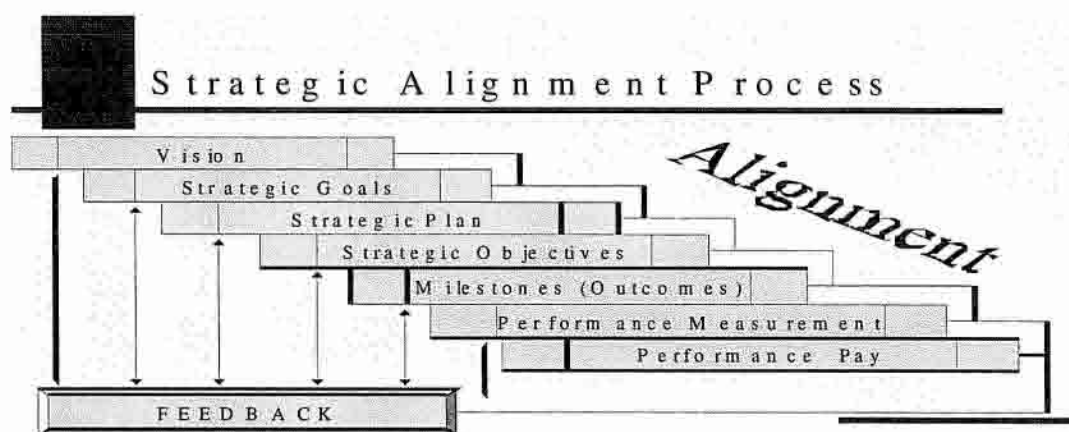
### **Major Initiatives - Looking Ahead: 2007-2008 Goals**

During the coming year, the City will build upon the successes we experienced this year. The City will continue to focus its efforts on economic development, fiscal accountability, expanding Saco's tax base and reaffirming our commitment to the public to improve service delivery and enhance the quality of life in our community. In March of 2004 the City completed its strategic plan. This plan was then updated again in 2006. This task began with the review of each department's strengths, weaknesses, opportunities and threats (SWOT). This SWOT analysis was then distilled into the nine strategic goals noted below and presented within the City's strategic plan. In addition to the development of the strategic goals, each department was requested to develop strategic objectives to advance these goals. Each objective contained in this plan is aligned with one or more of the nine strategic goals. Each of the objectives contains milestones that identify major accomplishments that will need to be completed to finish the objective.

A critical piece of this plan is that the time horizon has been expanded to consider financial and resource capabilities. An objective may span a number of years depending on the goal's complexity and financing. This plan will allow the city to track progress on all goals and objectives over time. The intent of this plan is to provide strategic direction for the management of the City and to align departmental objectives with this direction. Each year the plan will be reviewed and updated with the Mayor, City Council and staff.

From the use of this strategic plan, performance measurements will be established to provide better operational accountability. The City is working towards ensuring that services are provided in the most efficient and effective way. The City is currently formulating a mixture of performance measurements and comparable statistics between other Maine communities. This will be presented in the form of output measures, outcome measures and efficiency measures for each City department. These measures will be reported in the current year's report. In 2004, the City received a \$30,000 grant through the National Center for Innovative Technology to further this effort and to publish a performance information report on this data. The City was successful at completing its first, second and third performance measurement reports and received a national Certificate of Excellence for Service Efforts and Accomplishments Reporting from the Association of Governmental Accountants (AGA) for all three of the published reports. This report substantially complied with the Governmental Accounting Standards Board's sixteen suggested criteria for these types of reports. In the current fiscal year, the city was the first community in the country to publish and disseminate a citizen centric prototype report through the AGA. This report specifically aimed to communicate financial, budget and performance information to citizens in a concise user friendly format. At the beginning of fiscal year 2008, the city received another smaller grant award of \$5,000 from the National Center for Civic Innovation to complete the city's third citizen satisfaction survey. The results of this survey were included within the city's fiscal year 2007 performance measurement report.

The City has linked the achievement of each department's milestones to the performance based pay system already in place, which rewards employees for the achievement of these objectives, thus creating a complete alignment and strategic focus for the entire City. The last integral piece of this process will be to solicit feedback from the citizen's within the City of Saco on our progress to assure that our strategic goals and objectives are aligned with the service needs of our community. Each year they will be revisited for this purpose an updated based on the feedback received. Both grant awards provided the city with the funding to pursue further outreach to the citizens of our community.



The following represents the City Council vision statement and the strategic goals within the City's Strategic Plan. Strategic goals are general statements of purpose that pertain to how the city achieves its mission and vision. The strategic goal generally addresses end results rather than specific actions. A goal provides a framework and direction for city departments to align their objectives and plans to achieve their goals.



**Vision Statement - Our vision is a high quality of life for Saco citizens. Central to this vision is a sustainable economy that offers an opportunity for everyone to have rewarding employment and for business to prosper, now and in the future. The people of Saco bring this vision into reality by working together and building on our tradition of hard work, dedication and ingenuity.**

### **Strategic Goals-**

#### **Downtown Revitalization**



The City recognizes the downtown's significance as the economic and community center. The City will continue to support the revitalization of the downtown and will support groups like Saco Spirit.

#### **Infrastructure and Capital Development and Maintenance**



The City is committed to maintaining and improving the City's infrastructure, facilities, and equipment by maintaining the current infrastructure, facilities and equipment and planning for the future.

#### **Growth Management**



The City will encourage orderly growth and development in appropriate areas while protecting natural resources and rural character, in order to maximize the efficient use of municipal services using principles of smart growth and sustainability.

#### **Meeting New Environmental Regulation Challenges**



The City recognizes and supports the regulations that will improve the quality of our natural resources.

#### **Technological Innovation and Implementation**



The City will commit considerable efforts for the development of a technological infrastructure that facilitates communication with the citizens and improves the effectiveness of City employees.

#### **Human Resource Investment**



The City recognizes that the City's employees are a considerable resource that requires investment to ensure that we have the knowledge, skills and abilities needed to meet the needs of the City.

#### **Leisure Services Investment**



The City understands the needs for active and passive recreational facilities and cultural for its citizen's leisure pursuits and will continue to upgrade and develop new outlets to meet these needs.

#### **Meeting the Financial Needs for City Services**



The City will make every effort to financially support the needs of the City through traditional and nontraditional revenue sources such as grants, user fees, and impact fees.

#### **Public Safety**



The City will endeavor to provide a safe and secure community

### **Significant Accomplishments of Fiscal Year 2007-2008**

- The City purchased approximately 135 acres with the open space bond proceeds approved by the voters a few years ago. The City continues to seek opportunities to utilize the remaining bond proceeds to find additional land.
- The City completed bond financing for several major capital roads projects to be completed during fiscal 2008 and 2009.
- The Parks & Recreation Department continues construction on the new Community Center.
- The City completed its fourth Performance Measurement Report and received its third National Award for Excellence from the Association of Governmental Accountants (AGA).
- The City continues to utilize its first windmill at the Waste Water Treatment Plant.
- The City's Waste Water Treatment Plant was recognized as the most energy efficient treatment plant in the country for our size.
- The City continued the city-wide effort to restore the infrastructure of the community and that of residents after damage incurred from the April 2007 Patriot's Day storm.
- The City received the Certificate of Achievement for Excellence in Financial Reporting for the sixth time, awarded by the Governmental Finance Officer's Association for their fiscal year 2007 Comprehensive Annual Financial Statement.
- The City received the Distinguished Budget Presentation Award for the fifth time, awarded by the Government Finance Officer's Association for their fiscal year 2008 budget.
- The City began offering citizens the ability to register ATV's, boats, and snowmobiles on-line as well as obtain their hunting and fishing licenses.

### **Financial Information**

The City's Finance Department is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse, and to ensure that the adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal controls being used are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the costs of control procedures are weighed against the expected benefits to be derived, and that the evaluation of costs and benefits requires educated estimates and professional judgments by management. All of the City's internal accounting control evaluations occur within this framework.

As a recipient of federal, state and local financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure and document compliance with applicable laws and regulations related to these programs. These internal controls are subject to periodic evaluations by the management and finance department staff of the City.

The City adopts fiscal year budgets that are established in accordance with the various laws that govern the City's operations as authorized by the Council. Per City Charter the legal level of budgetary control is at the department level. This means that management cannot overspend departmental budgets without the approval of the governing body. The budget is divided into monthly budget allocations based on expenditure expectations and on historical trends, whenever possible. These allocations are reviewed quarterly against actual expenditures, and variances are addressed in the quarterly financial reports presented to the City Council. At mid year, unless conditions dictate an earlier need, budgets are reviewed, year end projections are made, and adjustments to the financial plan considered and any necessary changes are legally adopted through the passage of an appropriation resolve.

As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

**Cash Management Policies and Practices:** The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds.



The City's investment policy was last updated on June 20, 2005, however it is reviewed annually. The City's policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. Accordingly, the majority of investments were held in the government's name by the counterparty financial institution's trust department. Remaining deposits were either insured by federal depository insurance or collateralized.

**Risk Management:** During fiscal year 2008, the City continued to aggressively manage all aspects of its risk management program. Included in the risk management program are property and casualty risks, as well as Worker's Compensation. The City's Finance Director is the person primarily responsible for most risk management functions. Insurance coverage, reporting and claims management functions have been centralized, providing better coordination, efficiency and cost effectiveness. The City recently conducted a review of its coverages and loss prevention programs. Additional information on the City of Saco's risk management activity can be found in the notes to the basic financial statements.

#### **Other information:**

**Independent Audit:** State Statute and the City Charter require an annual audit of all financial records by independent certified public accountants. The audit of fiscal year 2008 was performed for the City Council, by the firm of Runyon, Kersteen, Ouellette PA, a firm of licensed Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Saco, for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit that there was a reasonable basis for rendering an unqualified opinion that the City of Saco's financial statements for the fiscal year ending June 30, 2008, are fairly presented in conformity with accounting principles generally accepted in the United States of America. The independent auditor's report is presented as the first component of the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act of 1984 and the related U.S. Office of Management and Budget's Circular A-133, Auditing Standards Generally Accepted in the United States of America and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's reports on internal controls and compliance with applicable laws and regulations can be found in a separately issued report.

**Awards:** The City of Saco has successfully achieved the prestigious Certificate of Achievement for Excellence in Reporting to the City for its comprehensive annual financial report through the Government Finance Officers Association (GFOA) for the past seven years. The City was successful in achieving this distinction for the first time in its fiscal year 2001 report. In order to be awarded a Certificate of Achievement, the City must publish an easily readable, efficiently organized, comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

In addition, the City of Saco also applied, for the eighth time, for the GFOA's Distinguished Budget Presentation Award for its annual budget document dated July 23, 2007. The City was successful in achieving this distinction for the first time in its fiscal year 2003 report. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document will be judged for proficiency in several categories, including as a policy document, a financial plan, an operations guide and a communications device.

**Acknowledgements:** The preparation of this report would not have been possible without the cooperation of all city department heads, as well as the members of the Finance Department. Appreciation is also extended to the City Administrator, Richard Michaud, for his consistent support of these efforts. Credit must also be extended to the Mayor and the governing City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Saco, Maine's finances. I wish to acknowledge the efforts of our independent auditor's Runyon Kersteen Ouellette PA, for the professional audit work they provided and for all their assistance.

Respectfully submitted,

A handwritten signature in cursive script, reading "Beth A. Cote".

Beth A. Cote, MBA  
Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Saco  
Maine

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Charles S. Cox*

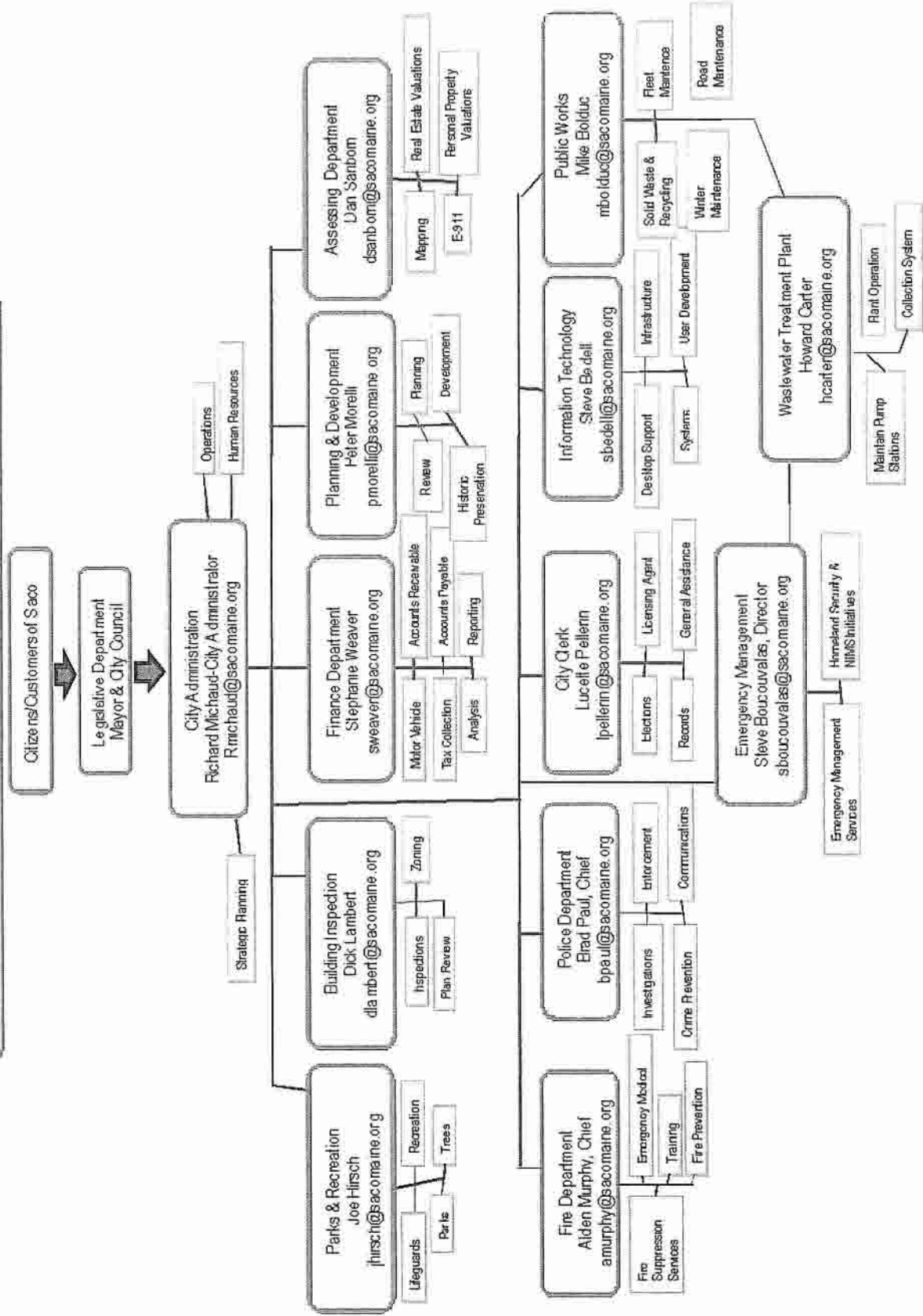
President

*Jeffrey R. Emer*

Executive Director



# CITY OF SACO - 2008 ORGANIZATION CHART



## CITY OF SACO, MAINE

### List of Principal Officials (Elected and Appointed)

June 30, 2008

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#### Elected Officials

Mayor	Roland L. Michaud
Council Member – Ward 1	Margaret E. Mills
Council Member – Ward 2	Leslie Smith Jr.
Council Member – Ward 3	Ronald E. Morton
Council Member – Ward 4	Sandra L. Bastille
Council Member – Ward 5	Arthur J. Tardif
Council Member – Ward 6	Eric B. Cote
Council Member – Ward 7	Marston Lovell

#### Appointed Officials

City Administrator	Richard Michaud
Executive Assistant	Kate Kern
Personnel Officer	Tammy Lambert
Building Inspector	Richard Lambert
Economic Development Director	Peter Morelli
City Planner	Robert Hamblen
Interim Finance Director/Treasurer	Stephanie Weaver
City Clerk	Lucette Pellerin
Assessor	Daniel Sanborn
Fire Chief	Alden Murphy
Police Chief	Brad Paul
Public Works Director	Mike Bolduc
City Engineer	Ron Kiene
Parks & Recreation Director	Joseph Hirsch
Tax Collector	Stephanie Weaver
City Solicitor	Tim Murphy

## ***FINANCIAL SECTION***

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## Independent Auditor's Report

City Council  
City of Saco, Maine:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Saco, Maine's management. Our responsibility is to express opinions on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Saco, Maine, as of June 30, 2008, and respective changes in financial position, and where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Saco, Maine's basic financial statements. The combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

City Council  
Page 2

In accordance with *Government Auditing Standards*, we have also issued a report dated June 9, 2009 on our consideration of the City of Saco, Maine's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

A handwritten signature in black ink, reading "Remy Kristen Ouellette". The signature is written in a cursive, flowing style.

June 9, 2009  
South Portland, Maine

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis**  
**June 30, 2008**

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As management of the City of Saco, Maine, we offer readers of the City of Saco, Maine's financial statements this narrative overview and analysis of the financial activities of the City of Saco for the fiscal year ended June 30, 2008. We encourage readers to consider the information presented in conjunction with additional information that we have furnished in our letter of transmittal, the basic financial statements and the accompanying notes to those financial statements.

**THE FINANCIAL STATEMENTS**

The financial statements presented herein include all of the activities of the City of Saco, Maine (the City) using the integrated approach as prescribed by GASB Statement No. 34.

The Government-wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Fund Financial Statements include statements for each of the three categories of activities – governmental, business-type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-wide Financial Statements is provided to explain the differences created by the integrated approach.

**REPORTING THE CITY AS A WHOLE**

**The Statement of Net Assets and the Statement of Activities**

The Statement of Net Assets and the Statement of Activities report information about the City as a whole and about its activities. These statements include *all* assets and liabilities of the City using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's *net assets* and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health or *financial position*. Over time, increases and decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's infrastructure.

In the Statement of Net Assets and the Statement of Activities, we separate the City Activities as follows:

**Governmental Activities** - Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Public Works, Planning and Economic Development, Parks and Recreation, Community services and Library. Property taxes, user fees, interest income, franchise fees and state and federal grants finance these activities.

**Business-type Activities** - The City charges a fee to customers to cover all or most of the cost of certain services it provides. The City's Waste Water Treatment Plant activities are reported in this category.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

**REPORTING THE CITY'S MOST SIGNIFICANT FUNDS**

**Fund Financial Statements**

The fund financial statements provide detailed information about the most significant funds - not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants or other money.

**Governmental Funds-** Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed shorter-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The differences of results in the Governmental Fund financial statements to those in the Government-wide financial statements are explained in a reconciliation following each Governmental Fund financial statement.

**Fiduciary Funds -** The City is the fiduciary for the school activity funds. The City excludes this activity from its other financial statements as the City can not use these assets to fund operations.

**Proprietary Funds -** When the City charges customers for services it provides- whether to outside customers or to other units of the City- these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. In fact, the City's enterprise fund is the same as the business-type activity we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

**THE CITY AS A WHOLE**

The City is providing condensed financial information for fiscal year 2008 with comparative information for fiscal year 2007. Our analysis below focuses on the net assets of the City's governmental and business-type activities.

	2008 Governmental Activities	2008 Business-type Activities	2008 Total Primary Government	2007 Governmental Activities	2007 Business-type Activities	2007 Total Primary Government
Current and other assets	\$ 10,297,098	\$ 4,578,058	\$ 14,875,156	\$ 12,488,423	\$ 1,471,713	\$ 13,960,136
Capital assets	53,574,871	18,664,267	72,239,138	48,899,847	19,175,781	68,075,628
Total assets	63,871,969	23,242,325	87,114,294	61,388,270	20,647,494	82,035,764
Non-current liabilities	20,089,475	1,975,000	22,064,475	17,586,858	2,320,000	19,906,858
Other liabilities	992,606	3,065,133	4,057,739	2,639,533	173,222	2,812,755
Total liabilities	21,082,081	5,040,133	26,122,214	20,226,391	2,493,222	22,719,613
Net assets:						
Invested in capital assets	34,636,209	16,689,267	51,325,476	32,367,887	16,855,781	49,223,668
Restricted	401,399	-	401,399	490,121	-	490,121
Unrestricted	7,752,280	1,512,925	9,265,205	8,303,871	1,298,491	9,602,362
Total net assets	\$ 42,789,888	\$ 18,202,192	\$ 60,992,080	\$ 41,161,879	\$ 18,154,272	\$ 59,316,151

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

Our next analysis focuses on changes in net assets of the City's governmental and business-type activities.

**CHANGES IN NET ASSETS**

	2008 Governmental Activities	2008 Business-type Activities	2008 Total Primary Government	2007 Governmental Activities	2007 Business-type Activities	2007 Total Primary Government
<b>Revenues</b>						
Program Revenues:						
Charges for services	\$ 3,326,547	\$ 2,218,457	\$ 5,545,004	\$ 3,423,910	\$ 2,052,749	\$ 5,476,659
Operating grants and contributions	13,769,031	-	13,769,031	14,082,391	-	14,082,391
Capital grants and contributions	300,820	-	300,820	961,626	-	961,626
General Revenues:						
Property taxes	26,612,796	-	26,612,796	24,632,416	-	24,632,416
Motor vehicle excise taxes	2,854,280	-	2,854,280	2,916,962	-	2,916,962
Franchise fees	231,112	-	231,112	234,343	-	234,343
Homestead exemption	337,229	-	337,229	320,151	-	320,151
Other state aid	34,497	-	34,497	56,253	-	56,253
City of Biddeford tax base sharing	-	-	-	92,506	-	92,506
State revenue sharing	1,510,442	-	1,510,442	1,356,308	-	1,356,308
Investment earnings	271,998	89,842	361,840	359,620	62,726	422,346
Miscellaneous revenues	386,390	4,734	391,124	153,223	4,302	157,525
Total revenues	49,635,142	2,313,033	51,948,175	48,589,709	2,119,777	50,709,486
Program Expenses:						
General government	2,388,585	-	2,388,585	2,470,601	-	2,470,601
Public safety	5,401,015	-	5,401,015	5,082,323	-	5,082,323
Public works	4,369,642	-	4,369,642	4,588,755	-	4,588,755
Housing programs	256,359	-	256,359	254,352	-	254,352
Culture and recreation	915,311	-	915,311	825,222	-	825,222
Education	29,015,189	-	29,015,189	28,072,031	-	28,072,031
Unclassified	3,878,749	-	3,878,749	4,124,321	-	4,124,321
Interest on debt	993,992	-	993,992	845,217	-	845,217
Capital improvements	788,291	-	788,291	1,192,173	-	1,192,173
Waste water treatment plant	-	2,265,113	2,265,113	-	2,329,012	2,329,012
Total expenses	48,007,133	2,265,113	50,272,246	47,454,995	2,329,012	49,784,007
Change in net assets before transfers	1,628,009	47,920	1,675,929	1,134,714	(209,235)	925,479
Transfers	-	-	-	-	-	-
Change in net assets after transfers	1,628,009	47,920	1,675,929	1,134,714	(209,235)	925,479
Extraordinary item						
Legal settlement	-	-	-	1,071,989	-	1,071,989
Change in net assets after extraordinary item	\$ 1,628,009	\$ 47,920	\$ 1,675,929	\$ 2,206,703	\$ (209,235)	\$ 1,997,468

**GOVERNMENTAL ACTIVITIES**

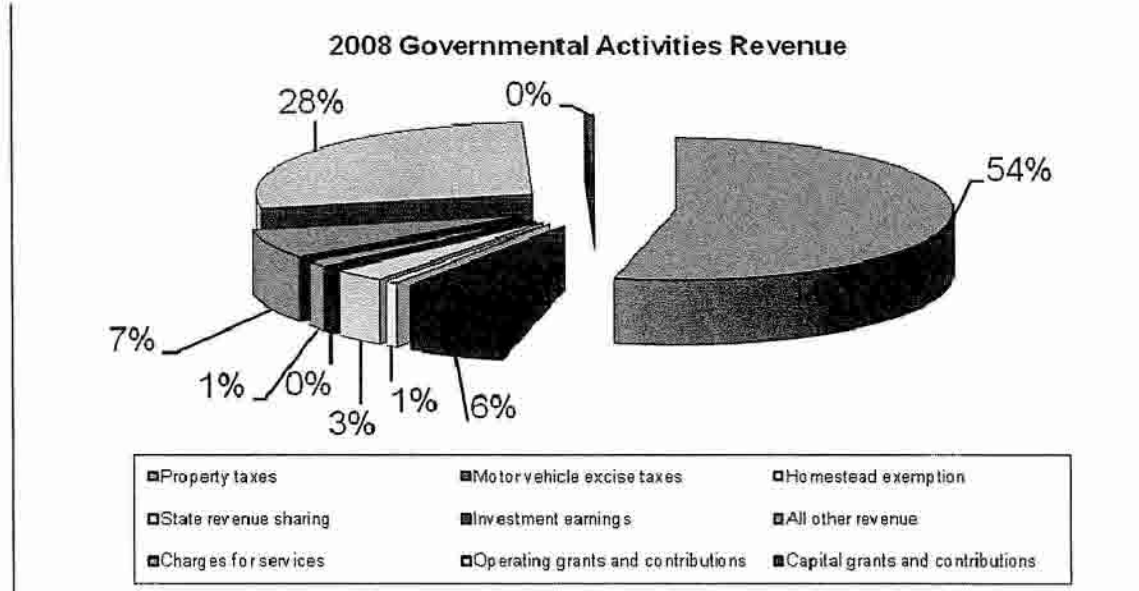
The cost of all Governmental activities this year was \$48,007,133. However, as shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through City property taxes was only \$30,610,735 because some of the cost was paid by those who directly benefited from the programs (\$3,326,547), or by other governments and organizations that subsidized certain programs with operating grants and contributions (\$13,769,031) and capital grants and contributions (\$300,820). Overall, the City's governmental program revenues, including intergovernmental aid and fees for services, were \$17,396,398. The City paid for the remaining "public benefit" portion of governmental activities with \$32,238,744 in taxes and with other revenues, such as interest, State Revenue Sharing, general contributions and other miscellaneous revenues.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

The City's programs include General Government, Public Safety, Public Works, Housing Programs, Culture and Recreation, Education, Unclassified, Interest on debt, and Capital Improvements. Each program's net cost (total cost less revenues generated by the activities) is presented below for both the current year (2008) and last year (2007) for comparative purposes. The net cost shows the financial burden that was placed on the City's taxpayers by each of these functions.

Governmental activities:	2008 Net (Expense)	2007 Net (Expense)
General Government	\$ (1,535,074)	\$ (1,190,503)
Public Safety	(4,816,034)	(4,566,333)
Public Works	(3,825,419)	(3,582,806)
Housing Programs	29,705	(5,534)
Culture and Recreation	(382,377)	(361,055)
Education	(14,432,647)	(13,183,708)
Unclassified	(3,878,749)	(4,124,321)
Interest on debt	(993,992)	(845,217)
Capital Improvements	(776,148)	(1,127,591)
Total governmental activities	\$ (30,610,735)	(28,987,068)

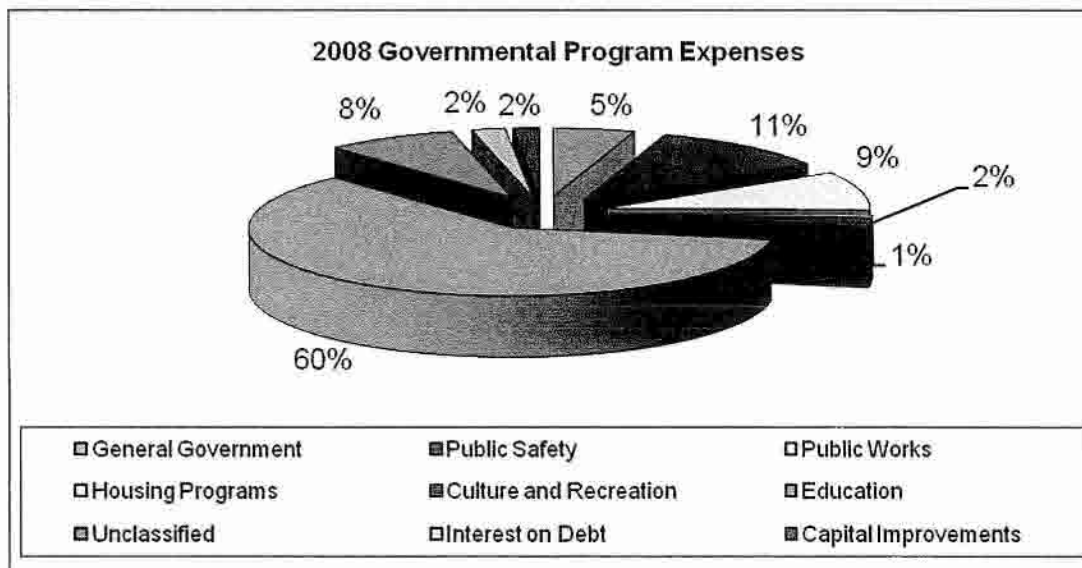
Total resources available during the year to finance governmental operations were \$90,797,021 consisting of net assets at July 1, 2007 of \$41,161,879, program revenues of \$17,396,398 and General revenues of \$32,238,744. Total Governmental Activities during the year were \$48,007,133; thus Net Assets were increased by \$1,628,009 to \$42,789,888.



The largest factors in this increase were operating grants and contributions, as well as a property tax increase.



**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

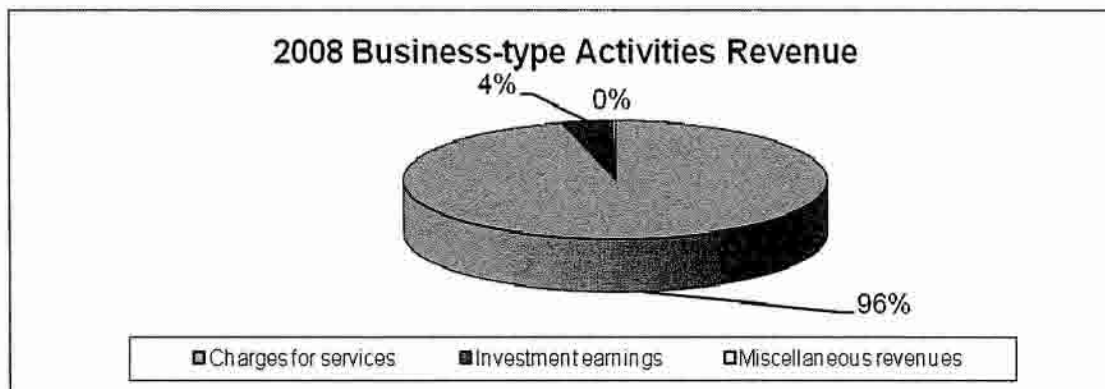


**BUSINESS TYPE ACTIVITIES**

The cost of all Proprietary (Business-type) activities this year was \$2,265,113. As shown in the Statement of Activities, the amounts paid by users of the system was \$2,218,457, Investments earnings were \$89,842, miscellaneous revenues were \$4,734.

The Proprietary Fund (Business-type) Activities include only the operation of the City's Waste Water Treatment Plant. The activities net revenues (total cost less revenues generated by the activities) is \$47,920 as revenues were greater than expenditures.

Total resources available during the year to finance Proprietary Fund (Business-type) Activities were \$20,467,305 consisting of Net Assets at July 1, 2007 of \$18,154,272, program revenues of \$2,218,457, general revenues of \$94,576. Total Proprietary Fund (Business-type) expenses during the year were \$2,265,113; thus Net Assets were increased by \$47,920 to \$18,202,192.



This slight increase in net assets is due primarily to sewer user fees collected being slightly above its projection for the year, as well as unrestricted investment earnings coming in higher than projections.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

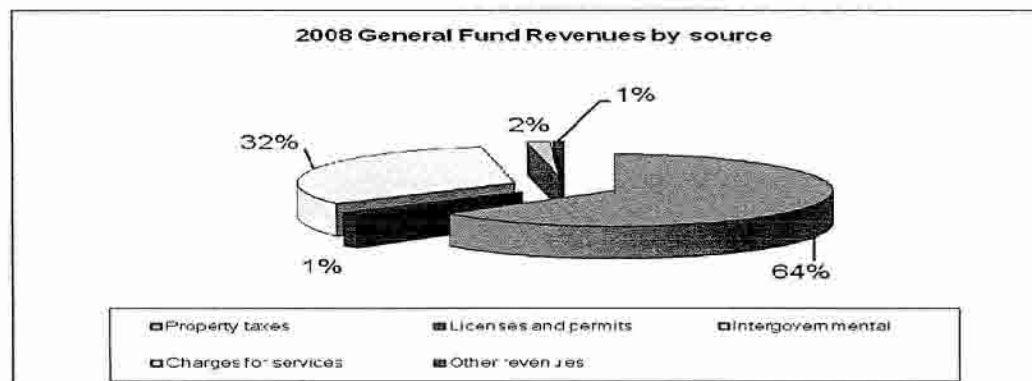
**THE CITY'S FUNDS**

The following is an analysis of balances in the City's major individual funds. Comparative information is being provided for fiscal year 2007.

**General Major Governmental Functions** - The information below compares revenues of the General Fund for 2008 and 2007 respectively.

	<u>2008</u>	<u>2007</u>
Revenues by source		
Taxes	\$ 29,258,042	\$ 27,696,860
Licenses and permits	697,994	721,514
Intergovernmental	14,886,952	15,064,520
Charges for services	775,330	1,061,302
Other revenues	334,345	472,766
Total revenues	<u>\$ 45,952,663</u>	<u>\$ 45,016,962</u>

In fiscal year 2008, the City also had two other major funds. The Mill Brook Industrial Park Fund, which had no revenues in fiscal year 2008. In fiscal year 2007, this fund had also met the requirements of being a major fund. The Saco Island TIF District had other revenues of \$500,001 in fiscal year 2008 and other revenues of \$2 in fiscal year 2007.



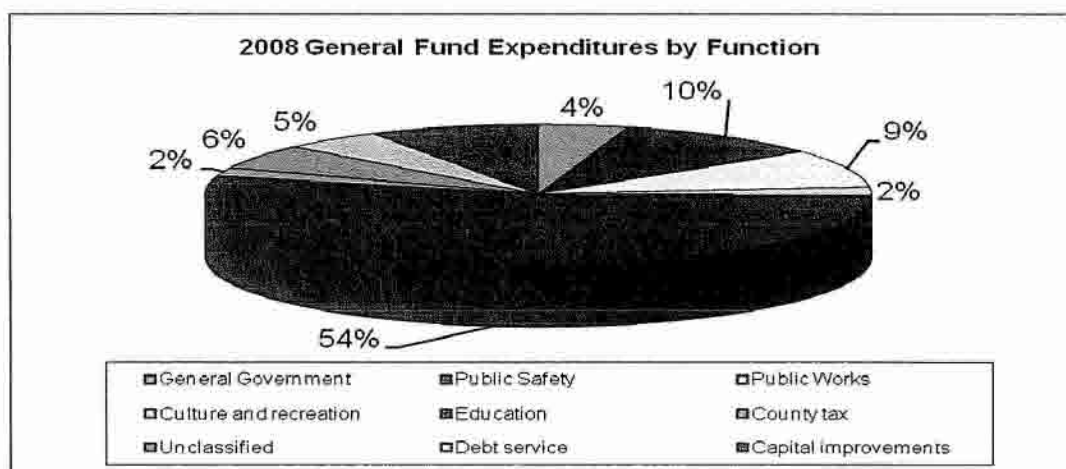
The information below compares expenditures of the General Fund for 2008 and 2007 respectively.

	<u>2008</u>	<u>2007</u>
Expenditures by function		
General government	\$ 2,167,619	\$ 2,356,249
Public safety	5,081,794	4,891,530
Public works	4,371,335	4,208,601
Culture and recreation	879,544	786,248
Education	26,928,154	26,291,843
County tax	958,270	896,282
Unclassified	2,853,683	3,136,887
Debt service	2,391,037	2,284,899
Capital improvements	4,117,439	1,913,238
Total expenditures	<u>\$ 49,748,875</u>	<u>\$ 46,765,777</u>

In fiscal year 2008 the Mill Brook Industrial Park Fund had no expenditures. This fund had capital improvement expenditures of \$201,453 in fiscal year 2007. In fiscal year 2008 and 2007, the Saco Island TIF Fund had expenditures of \$1,892,978 and \$41,801 respectively.



**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**



**Proprietary Fund**

The City's only major Enterprise Fund consists of the Waste Water Treatment Plant. The basic financial statements for the major funds are included in this report. Because the focus on proprietary funds is a cost of service measurement or capital maintenance, we have included this fund in the table below, which demonstrates return on ending assets and return on ending net assets.

	2008	2007
Total Assets	\$ 23,242,325	\$ 20,647,494
Net Assets	18,202,192	18,154,272
Change in Net Assets	47,920	(209,235)
Return on Ending Total Assets	0.21%	(1.01%)
Return on Ending Net Assets	0.26%	(1.15%)

**DEBT ADMINISTRATION**

Debt, considered a liability of governmental activities, increased in fiscal year 2008 by \$2,406,702 due to the issuance of a capital projects bond approved by the voters in November 2007. Debt, considered a liability of business-type activities, decreased in fiscal year 2008 by \$345,000. Per capita bonded debt outstanding increased from \$1,121 to \$1,243 per capita compared to the prior fiscal year. For a more detailed disclosure on debt, see footnote 6.

The Governmental Activity and Business-type Activity debt summary for fiscal year 2008 is presented below.

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Debt Payable at June 30, 2007	\$ 16,531,960	\$ 2,320,000
Add: New Capital Lease Purchases	343,479	-
Add: New General Obligation Bonds	4,355,000	-
	<u>21,230,439</u>	<u>2,320,000</u>
Less: Debt Retired	(2,302,866)	(345,000)
Debt Payable at June 30, 2008	<u>\$ 18,927,573</u>	<u>\$ 1,975,000</u>

This debt payable does not include the long-term portion of compensated absences of \$1,150,813 for governmental activities and \$83,957 for business-type activities (See Note 5).

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

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**CAPITAL ASSETS**

The capital assets of the City are those assets, which are used in the performance of the City's functions including infrastructure assets. At June 30, 2008, net capital assets of the governmental activities totaled \$53,574,871 and the net capital assets of the business-type activities totaled \$18,664,267. Depreciation on capital assets is recognized in the Government-wide financial statements.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair.

The City expended \$222,998 on street maintenance for the fiscal year ended June 30, 2008. These expenditures delayed deterioration; however, the overall condition of the streets was not improved through these maintenance expenditures. The City had estimated that the amount of annual expenditures required to maintain the City's streets at the minimum PCI rating of 70 (rating of 2 within City's Asset Management System, See Required Supplemental Information) through the year 2008 was a minimum of \$500,000.

The City is also continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$63,641 on other infrastructure maintenance for the fiscal year ended June 30, 2008. These expenditures delayed deterioration and improved the overall condition through these maintenance expenditures. The City had estimated that the amount of annual expenditures required to maintain the City's infrastructure at the minimum rating of 2 through the year 2008 was a minimum of \$500,000.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

**Infrastructure Assets - June 30, 2008 and 2007**

Description	Net Cost 2008	Net Cost 2007 (reclassified)
<b>Governmental Activities:</b>		
<b>Modified Approach:</b>		
Catch basins and manholes	\$ 2,294,508	\$ 2,136,971
Storm drainage	17,839,038	17,775,855
Sidewalks	1,578,296	1,570,178
Street Pavement System	8,578,587	5,240,263
Traffic signals	795,155	775,820
Street signs	44,818	44,818
Land	5,178,042	5,158,042
Construction in Progress	1,983,763	-
<b>Total Governmental Activities</b>	<b>\$ 38,292,207</b>	<b>\$ 32,701,947</b>
<b>Business-type Activities:</b>		
Sewer pipe	\$ 14,918,272	\$ 14,918,272
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>\$ 14,918,272</b>

**Capital Assets**

	Balance July 1, 2007	Increases	Decreases	Balance July 1, 2007
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 34,448,489	\$ 134,701	\$ -	\$ 34,583,190
Vehicles	6,652,069	427,135	-	7,079,204
Machinery and Equipment	5,620,464	28,429	-	5,648,893
<b>Total</b>	<b>46,721,022</b>	<b>590,265</b>	<b>-</b>	<b>47,311,287</b>
Accumulated Depreciation	(30,523,122)	(1,505,501)		(32,028,623)
<b>Total Governmental Activities</b>	<b>\$ 16,197,900</b>	<b>\$ (915,236)</b>	<b>\$ -</b>	<b>\$ 15,282,664</b>
<b>Business-type Activities:</b>				
Buildings and Improvements	14,775,600			14,775,600
Vehicles	120,687			120,687
Machinery and Equipment	2,748,281			2,748,281
<b>Total</b>	<b>17,644,568</b>			<b>17,644,568</b>
Accumulated Depreciation	(13,387,059)	(511,513)		(13,898,572)
<b>Total Business-type Activities</b>	<b>\$ 4,257,509</b>	<b>\$ (511,513)</b>	<b>-</b>	<b>\$ 3,745,996</b>
<b>Total Capital and Infrastructure</b>	<b>\$ 68,075,628</b>	<b>\$ 4,163,510</b>		<b>\$ 72,239,138</b>

For more detail on capital assets, see footnote 4.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

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**BUDGETS AND BUDGETARY ACCOUNTING**

**General Fund Budget Variances**

Comparing the fiscal year 2007-2008 original budget (or adopted) General Fund amount of \$46,090,065, (expenditures of \$45,501,630, plus transfers of \$588,435), to the final budget amount of \$47,751,496 (expenditures of \$47,163,061 plus transfers of \$588,435) shows no change from the original budget.

Included in this figure is \$1,758,719 of prior fiscal year 2006-2007 Capital Improvement Projects (CIPs) approved to carry forward into FY 2007-2008, thereby, bringing the beginning balance of \$44,331,346 to \$46,090,065.

<u><b>Original Budget</b></u>	<u><b>+ Continuing Appropriations</b></u>	<u><b>= Beginning Balance</b></u>
\$44,331,346	\$1,758,719	\$46,090,065
<u><b>Beginning Balance</b></u>	<u><b>+/- Supplemental Changes</b></u>	<u><b>= Final Budget</b></u>
\$46,090,065	\$1,661,431	\$47,751,496

Comparing the beginning budget of \$46,090,065 to the final budget of \$47,751,496 reflects the carry forward of 2007 bond projects in progress, as well as additional capital projects that remained unfinished at the end of the prior year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The Annual Budget assures the efficient, effective and economic uses of City's resources, as well as, establishing that the highest priority objectives are accomplished. Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities.

***Historical Trend***

As the City enters fiscal year 2009, we are in solid financial shape with many years of higher than anticipated revenues. This has laid the foundation for a strong surplus, which is primarily earmarked for the City's long term Capital Improvements Plan. This needs to be prudently maintained as we move forward into the future.

In reflecting back on the history of the City's past five budgets, non-tax revenues have remained steadily at approximately \$20 million annually. During this time span, the City has been able to stabilize the tax rate with consistent increases in property valuations.

	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total taxes	\$ 23,354,279	\$ 23,157,235	\$ 24,318,424	\$ 26,574,151	\$ 27,530,902
Percent change	12.21%	(.84%)	5.01%	9.28%	3.60%
Total City valuation	1,468,822,600	\$1,792,587,120	\$1,929,962,500	\$1,995,056,400	\$2,051,483,000

***The Budget***

The Adopted Budget for fiscal year 2009 calls for total expenditures of \$48,662,927 representing an increase of \$2,292,256 or 4.94% over the current year budget.

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

The original budget requests from the fourteen individual departments were based on the department head's perceived needs. The following adjustments were made after a careful review by the City Administrator and then the City Council:

<b>City Budget</b>	<b>City Administrator Recommendation</b>		<b>Net Change</b>	<b>Approved Budget</b>
Operating Budget	\$	18,433,066	\$ (150,061)	\$ 18,283,005
Capital Outlay		423,256	(59,380)	363,876
Total		18,856,322	(209,441)	18,646,881
Overlay & TIF Transfers		1,364,011	51,230	1,415,241
Total Expenditure Budget	\$	20,220,333	\$ (158,211)	\$ 20,062,122
<b>School Budget</b>	<b>School Board Recommendation</b>		<b>Net Change</b>	<b>Approved Budget</b>
Education	\$	27,737,401	\$ (157,507)	\$ 27,579,894
<b>County Tax</b>	<b>Estimated County Tax</b>		<b>Net Change</b>	<b>Actual County Tax</b>
County Tax	\$	988,151	\$ 32,761	\$ 1,020,912
<b>TOTAL BUDGET</b>	\$	<b>48,945,885</b>	\$ <b>(282,957)</b>	\$ <b>48,662,928</b>

The following chart compares the major categories in the operational budget and their respective increases over the last five years, without the overlay and TIF transfer or any affects of encumbrances.

**Appropriation Summary**

<b>Departments</b>	<b>2005 Actual</b>	<b>2006 Actual</b>	<b>2007 Actual</b>	<b>2008 Budget</b>	<b>2009 Budget</b>
Legislative	\$ 16,304	\$ 20,260	\$ 19,533	\$ 20,600	\$ 20,600
City Administration	194,725	197,604	210,383	240,018	265,426
Finance/Technology	541,573	641,454	791,568	732,358	757,459
City Clerk	149,580	183,840	195,956	206,473	217,945
Assessor	160,500	163,684	176,657	178,479	182,697
Building Maintenance	90,175	102,933	102,021	99,895	116,214
Legal	135,366	209,581	359,632	235,000	115,000
Police Department	2,505,583	2,587,170	2,832,247	3,078,314	3,169,700
Fire/Ambulance	2,039,207	1,903,977	2,059,283	2,399,783	2,575,605
Building Inspections/Zoning	193,173	217,803	234,563	241,833	247,828
Planning & Economic Dev.	293,001	248,308	265,936	277,303	300,928
Public Works	3,710,174	3,757,464	4,208,601	3,963,100	4,345,365
Public Agencies	488,943	502,298	492,381	543,000	559,800
Emergency Management	-	-	-	5,900	5,900
Parks & Recreation	585,146	638,353	786,248	894,988	920,251
Debt Service	1,757,463	2,319,715	2,284,899	1,367,533	1,753,585
Employee Benefits	2,113,209	2,192,445	2,254,631	2,265,316	2,460,036
Insurances	213,348	225,558	239,081	231,067	179,425
Contingency	48,523	99,066	150,794	67,000	89,241
Education K-12	21,655,673	22,838,383	24,292,685	26,618,859	27,579,894
York County Tax	747,821	859,723	896,282	958,270	1,020,912
Capital Improvement Projects	615,627	1,269,378	1,200,204	423,256	363,876
Overlay	-	-	-	791,170	752,011
TIF Transfers	700,000	597,801	591,530	531,156	663,229
<b>TOTAL</b>	<b>\$ 38,955,114</b>	<b>\$ 41,776,798</b>	<b>\$ 44,645,115</b>	<b>\$ 46,370,671</b>	<b>\$ 48,662,927</b>

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

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***Revenues/Surplus***

The amount budgeted for revenues shows an average increase of 1.60% since 2004, with a high increase of 10.85% between 2006 and 2007, due to higher state aid to education being received as part of the new "Essential Programs and Services" funding model as well as a higher than normal budgeted utilization of prior year undesignated fund balance as the balance was in excess of the city's 10% policy. The increase of 9.68% between 2005 and 2006 was also due to additional state aid to education. During this time actual revenues have been surpassing the estimated revenues resulting in a minimal surplus at the end of each year. This trend appears to be continuing within the City of Saco. However, as we move forward revenue estimates are starting to inch closer to the actual revenues. This means that growth in expenditures will need to be leveled off in relationship to the city's more modest growth in revenues. This is reflected in the current year budget with capital improvement projects funded at modest levels through utilization of additional undesignated fund balance in order to minimize the raising of property taxes as much as possible.

	2005	2006	2007	2008	2009
Non-tax revenues	\$ 17,280,686	\$ 18,953,559	\$ 21,010,042	\$ 19,796,620	\$ 21,132,025
Percent change	-4.02%	9.68%	10.85%	-5.86%	6.70%

Obviously the amount of surplus funds being generated will reduce as actual revenues more closely reflect estimated revenues. At this time, the city has a healthy fund balance due to surplus funds. The city's fund balance policy dictates that fund balance needs to be maintained at a level between 8.33% and 10% of budgeted appropriations. In the current year, \$911,676 has been budgeted as a utilization of this undesignated fund balance, which has accumulated as the level well exceeded the policy level. The \$482,042 of utilization on the city side is to fund minimal capital projects that might not otherwise have been able to be completed and to subsidize city operating expenditures due to reductions in non property tax revenues. The \$429,634 of utilization on the school side is to cover the school lunch accumulated deficit, to fund the beginning of a limited enrollment all day kindergarten program and to stabilize the property tax increase in the current year. However, the city is very aware of the need to guard against a downturn in the economy, resulting in diminishing revenues and will continue to retain a fund balance level within the policy guidelines.

***Major Increases***

The major increases in the operational budget are negotiated salary/wage increases for the bargaining units representing all the various departments of the City, as well as non-union employees. Most City departments also have slight operational increases due to inflation and the increase in fuel and electricity costs being experienced in the last year. The Education Department increases are due to increases in tuition to the private high school, special education costs, health insurance increases, teacher contractual obligations and the addition of a limited enrollment all day kindergarten program.

***Savings/Increased Demands***

The city's department head's are always looking for ways to save the city money, whether through increased efficiencies or through the attainment of federal and state grants. The city is participating in a number of activities related to increased efficiencies between various city departments as well as with other communities in our southern Maine area. Many departments are meeting regularly with their counter parts in other communities to explore the possibilities of combining resources to deliver services.

The fiscal year 2009 budget also includes revenue amounts for specific state and federal grants that have been applied for. There are also several other grant awards that will surface during the course of the fiscal year that were not known at the time of the budget process. These awards will be brought to the City Council for consideration upon being awarded and additional funding will be requested at that time, to fund any local match requirements above that originally budgeted.



**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

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***The Future***

In terms of the future, we are in good financial shape at this time. However, we need to be alert to the public benefit versus the costs of the services we provide. In short, as the budget better reflects actual revenues, and as we move into the future, we need to be careful of our spending so that we do not find ourselves in the position of expenditures outpacing revenues.

What is at stake for the City of Saco officials can be summed up in one word: effectiveness. Major challenges are facing us as we enter this new year with infrastructure and capital maintenance needs being reduced to enable the funding of operational needs of the city. Officials need to be cognizant of the need to preserve the city's most valuable assets as large deterioration can very often increase the amount ultimately spent in order to bring them back to acceptable and safe condition levels. A small portion of this is being addressed with the projects to be completed in fiscal year 2008 and 2009 as a result of the citizens passing the \$4,358,848 infrastructure bond in November of 2006.

To that end, it is especially important that the City Council maintain and update regularly its comprehensive plan, goals and strategic plan, based upon guidance from appointed and elected officials as well as significant citizen involvement. These processes are already in place and underway with the mailing of citizen customer service questionnaires and web site request and recommendation forms accessible 24 hours a day, 7 days a week and the random independent phone "Citizen Satisfaction Survey." By putting citizens and local government officials into the decision-making loop, the City will be shifting to a more open and inclusive process of governance.

The city is pursuing performance measurement type initiatives and continues to review policies and procedures to assure their compliance and alignment with the city's completed Strategic Plan (March 2004) and updated (February 2006).

The City was successful at attaining a grant through the Center for Civic Innovation in order to further this effort and completed its first Citizen Satisfaction Survey in November of 2004 and a second Survey in October of 2005, as well as publish the first ever City Performance Measurement Report in January of 2005, a second Performance Measurement Report in January of 2006, and a third in December of 2006 as a result of this grant award. It will be eminent for the City to review and update its strategic plan in the coming years. Although these initiatives are not specifically addressed within the current year budget, they will be important for the city's continued efficient growth into the future.

The City was the first community in the country to issue a citizen centric prototype report in order to more efficiently communicate city finances and performance in a concise 4-page report which is aimed to stimulate them to want to learn more. The city was also successful at obtaining a second grant through the National center for Civic Innovation in order to conduct the independent citizen satisfaction survey again in 2010.

The recently completed fourth annual report of performance information displays the operational efficiencies and effectiveness of our operations here at the City of Saco. The City's first three submittals were successful at achieving the Association of Governmental Accountants Certificate of Excellence in Service Efforts and Accomplishments Reporting. These processes all involve reviewing processes and measuring results achieved by the municipality in the area of customer service delivery and presentation. It also involves a close look at all procedures to assure that efficiencies are being maximized. Whether it means changing a specific procedure to lessen expenditures realized or examining new sources of non-tax revenues, the city needs to be pro-active in its response. Certainly, whatever we can do to keep up with changing trends and emerging issues will help to improve the future fortunes of our citizens. Successful activities involving a collaborative effort between municipalities need to be reviewed as a potential solution to some of the budget challenges facing us and other municipalities.

This executive summary would not be complete without the mention of the 2006 enacted "Public Law 1 Tax Reform." This legislation was enacted within the State of Maine and the City was in noncompliance with this legislation for the first time with the passing of the 2008 budget. This levy limitation is calculated based on two factors; one is certified by the State and is a state-wide personal income growth factor and the second is a local factor of the last known new

**CITY OF SACO, MAINE**  
**Management's Discussion and Analysis, Continued**  
**June 30, 2008**

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growth percentage within each community. These two percentages are added together to arrive at the levy limitation percentage for each community across the State of Maine. The property tax levy in total can not increase by more than this amount without special disclosures made by the City Council and special motions made in order to approve the budget noting why the budget is exceeding the levy limitation. The fiscal year 2008 approved budget for the City of Saco is not in compliance with Public Law 1 due to the appropriating of the necessary funds for the loss of non-property tax revenues and the increase in expenditures related to the ratification of the police union contracts.

***Summary***

With the fiscal year 2009 adopted budget there is an increase in the existing tax rate. This equates to an estimated increase of .10 cents in the city's mil rate. This means that property owners will be billed an estimated \$13.42 per thousand in fiscal year 2009 versus the \$13.32 per thousand they were billed in fiscal year 2008. In other words, a property valued at \$200,000 previously and paying \$2,664 in property taxes annually would pay \$2,684 in property taxes annually, an increase of \$20 for that \$200,000 homeowner and an increase of \$956,744 on the total City property tax levy. Not a bad investment considering the benefits being received and the service levels being provided across the city.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need any additional financial information, contact the Office of the Director of Finance at 300 Main Street, Saco, Maine, 04072, phone 207-282-1032, or e-mail [beth.cote@sacomaine.org](mailto:beth.cote@sacomaine.org).



## **BASIC FINANCIAL STATEMENTS**

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**CITY OF SACO, MAINE**  
**Statement of Net Assets**  
**June 30, 2008**

	Governmental Activities	Business-type Activities	2008 Total
<b>ASSETS</b>			
Cash and cash equivalents	\$ 3,559,363	\$ 4,315,246	\$ 7,874,609
Investments	3,399,899	-	3,399,899
Receivables:			
Accounts (net of allowance of \$100,000)	1,541,148	262,812	1,803,960
Taxes - current	852,088	-	852,088
Taxes - prior years	66,195	-	66,195
Tax liens	190,983	-	190,983
Notes (net of allowance of \$7,172)	14,287	-	14,287
Inventories and other	39,881	-	39,881
Prepaid expenses	574,895	-	574,895
Tax acquired property	58,359	-	58,359
Depreciable capital assets, net	15,282,664	3,745,995	19,028,659
Non-depreciable capital assets	38,292,207	14,918,272	53,210,479
Total assets	63,871,969	23,242,325	87,114,294
<b>LIABILITIES</b>			
Accounts payable and other current liabilities	2,322,582	40,666	2,363,248
Accrued liabilities	1,558,273	23,596	1,581,869
Taxes collected in advance	28,665	-	28,665
Internal balance	(2,916,914)	2,916,914	-
Noncurrent liabilities:			
Due within one year	2,491,215	345,000	2,836,215
Due in more than one year	17,598,260	1,713,957	19,312,217
Total liabilities	21,082,081	5,040,133	26,122,214
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	34,636,209	16,689,267	51,325,476
Restricted for:			
Permanent fund principal	181,383	-	181,383
Other purposes	220,016	-	220,016
Unrestricted	7,752,280	1,512,925	9,265,205
Total net assets	\$ 42,789,888	\$ 18,202,192	\$ 60,992,080

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						
	Program Revenues			Primary Government			2008 Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
<b>Primary government:</b>							
Governmental activities:							
General Government	\$ 2,388,585	\$ 751,767	\$ 75,744	\$ 26,000	\$ (1,535,074)	\$ -	\$ (1,535,074)
Public Safety	5,401,015	554,750	30,231	-	(4,816,034)	-	(4,816,034)
Public Works	4,369,642	281,546	-	262,677	(3,825,419)	-	(3,825,419)
Housing Programs	256,359	-	286,064	-	29,705	-	29,705
Culture and Recreation	915,311	532,934	-	-	(382,377)	-	(382,377)
Education	29,015,189	1,205,550	13,376,992	-	(14,432,647)	-	(14,432,647)
Unclassified	3,878,749	-	-	-	(3,878,749)	-	(3,878,749)
Interest on Debt	993,992	-	-	-	(993,992)	-	(993,992)
Capital Maintenance Programs	788,291	-	-	12,143	(776,148)	-	(776,148)
Total governmental activities	48,007,133	3,326,547	13,769,031	300,820	(30,610,735)	-	(30,610,735)
<b>Business-type activities:</b>							
Waste Water Treatment Plant	2,265,113	2,218,457	-	-	(46,656)	(46,656)	(46,656)
Total business-type activities	2,265,113	2,218,457	-	-	(46,656)	(46,656)	(46,656)
<b>Total primary government</b>	<b>\$ 50,272,246</b>	<b>\$ 5,545,004</b>	<b>\$ 13,769,031</b>	<b>\$ 300,820</b>	<b>\$ (30,610,735)</b>	<b>\$ (46,656)</b>	<b>\$ (30,657,391)</b>
<b>General revenues:</b>							
Property taxes, levied for general purposes				\$	26,612,796	\$ -	26,612,796
Motor vehicle excise taxes					2,854,280	-	2,854,280
Franchise tax					231,112	-	231,112
Grants and contributions not restricted to specific programs:							
Homestead Exemption					337,229	-	337,229
Other State aid					34,497	-	34,497
State Revenue Sharing					1,510,442	-	1,510,442
Unrestricted investment earnings					271,998	89,842	361,840
Miscellaneous revenues					386,390	4,734	391,124
Total general revenues					32,238,744	94,576	32,333,320
Change in net assets					1,628,009	47,920	1,675,929
Net assets - beginning					41,161,879	18,154,272	59,316,151
<b>Net assets - ending</b>				<b>\$</b>	<b>42,789,888</b>	<b>\$ 18,202,192</b>	<b>\$ 60,992,080</b>

See accompanying notes to basic financial statements.

**CITY OF SACO, MAINE**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2008**

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2008 Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 2,681,798	\$ -	\$ -	\$ 877,565	\$ 3,559,363
Investments	1,309,468	-	75	2,090,356	3,399,899
Receivables, net of allowance of \$100,000	496,704	-	1,602	1,042,842	1,541,148
Interfund receivables	7,186,617	-	-	1,353,461	8,540,078
Loans receivable, net of allowance \$7,142	-	-	-	14,287	14,287
Taxes and liens receivable	1,109,266	-	-	-	1,109,266
Tax acquired property	58,359	-	-	-	58,359
Prepaid items	572,792	-	-	2,103	574,895
Inventories and other	-	-	-	39,881	39,881
<b>Total assets</b>	<b>\$ 13,415,004</b>	<b>\$ -</b>	<b>\$ 1,677</b>	<b>\$ 5,420,495</b>	<b>\$ 18,837,176</b>

**LIABILITIES AND FUND BALANCES**

## Liabilities:

Accounts payable	1,758,428	-	364,619	199,535	2,322,582
Accrued liabilities	1,515,991	-	-	42,282	1,558,273
Taxes collected in advance	28,665	-	-	-	28,665
Interfund payables	1,353,460	1,344,494	1,395,011	1,530,199	5,623,164
Deferred revenue	788,695	-	-	-	788,695
<b>Total liabilities</b>	<b>5,445,239</b>	<b>1,344,494</b>	<b>1,759,630</b>	<b>1,772,016</b>	<b>10,321,379</b>

## Fund balances (deficits):

## Reserved for:

Encumbrances	109,361	-	-	-	109,361
Prepaid items	572,792	-	-	-	572,792
Nonexpendable trust principal	-	-	-	181,383	181,383
Capital improvements	3,481,440	-	-	-	3,481,440
Inventory	-	-	-	1,570	1,570
Other purposes	-	-	-	220,016	220,016

## Unreserved, reported in:

General Fund- designated	763,528	-	-	-	763,528
General Fund- undesignated	3,042,644	-	-	-	3,042,644
Special revenue funds	-	-	-	1,257,243	1,257,243
Capital project funds	-	(1,344,494)	(1,757,953)	1,604,528	(1,497,919)
Permanent funds	-	-	-	383,739	383,739

<b>Total fund balances (deficits)</b>	<b>7,969,765</b>	<b>(1,344,494)</b>	<b>(1,757,953)</b>	<b>3,648,479</b>	<b>8,515,797</b>
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<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 13,415,004</b>	<b>\$ -</b>	<b>\$ 1,677</b>	<b>\$ 5,420,495</b>
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Amounts reported for governmental activities in the statement of net assets (Statement 1) are different because (See Note 4, also):

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	53,574,871
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More specifically, non-depreciable & depreciable capital assets as reported on Statement 1

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds (See Note 1)	(20,089,475)
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Noncurrent liabilities as reported on Statement 1 (18,938,662)

Accrued liabilities (compensated absences) as reported on Statement 1 (1,150,813)

(20,089,475)

Deferred revenues- more specifically, deferred property taxes not reported on Statement 1	788,695
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<b>Net assets of governmental activities</b>	<b>\$ 42,789,888</b>
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See accompanying notes to basic financial statements.

**CITY OF SACO, MAINE**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2008**

	General Fund	Mill Brook Industrial Park	Saco Island TIF District	Other Governmental Funds	2008 Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 29,258,042	\$ -	\$ -	\$ -	\$ 29,258,042
Licenses and permits	697,994	-	-	-	697,994
Intergovernmental	13,142,105	-	-	1,802,344	14,944,449
Intergovernmental on-behalf payments	1,744,847	-	-	-	1,744,847
Charges for services	775,330	-	-	699,694	1,475,024
Other revenues	334,345	-	500,001	381,549	1,215,895
Total revenues	45,952,663	-	500,001	2,883,587	49,336,251
<b>EXPENDITURES</b>					
Current:					
General government	2,167,619	-	-	-	2,167,619
Public safety	5,081,794	-	-	-	5,081,794
Public works	4,371,335	-	-	-	4,371,335
Housing programs	-	-	-	256,359	256,359
Culture and recreation	879,544	-	-	-	879,544
Education	25,183,307	-	-	1,954,612	27,137,919
Maine PERS on-behalf payments	1,744,847	-	-	-	1,744,847
Unclassified	2,853,683	-	-	66,796	2,920,479
Intergovernmental:					
County tax	958,270	-	-	-	958,270
Debt service:					
Principal	1,397,045	-	-	-	1,397,045
Interest and other charges	993,992	-	-	-	993,992
Capital improvements	4,117,439	-	1,892,978	958,399	6,968,816
Total expenditures	49,748,875	-	1,892,978	3,236,166	54,878,019
Excess (deficiency) of revenues over (under) expenditures	(3,796,212)	-	(1,392,977)	(352,579)	(5,541,768)
<b>OTHER FINANCING SOURCES (USES)</b>					
Capital lease issuance of debt	343,479	-	-	-	343,479
Bond proceeds	4,355,000	-	-	-	4,355,000
Transfers in	1,072,061	-	388,072	(67,868)	1,392,265
Transfers out	(626,092)	-	-	(766,173)	(1,392,265)
Total other financing sources (uses)	5,144,448	-	388,072	(834,041)	4,698,479
Net change in fund balances	1,348,236	-	(1,004,905)	(1,186,620)	(843,289)
Fund balances (deficits)-beginning	6,621,529	(1,344,494)	(753,048)	4,835,099	9,359,086
Fund balances (deficits)-ending	\$ 7,969,765	\$ (1,344,494)	\$ (1,757,953)	\$ 3,648,479	\$ 8,515,797

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Reconciliation of the Statement of Revenues, Expenditures,**  
**and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the year ended June 30, 2008**

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Net change in fund balances- total governmental funds (from Statement 4) \$ (843,289)

Amounts reported for governmental activities in the statement of activities (Statement 2) are different because (see Note 1, also):

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense, with the exception of infrastructure which is recorded at historical cost and not depreciated as the Modified Approach is being used. More specifically, this is the amount by which capital outlays and loss on disposal exceeded depreciation in the current period.

	\$ 6,968,816	4,675,024
Statement 4 Capital Outlays	788,291	
Statement 2 Capital Outlays	<u>6,180,525</u>	
Variance	1,505,501	
Less: Net Depreciation	<u>4,675,024</u>	
To reconciliation	\$	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. More specifically, this amount represents the change in deferred property taxes.

298,891

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. More specifically, this represents the net amount of principal increases (decreases) in debt service made during the year.

	\$ (4,709,568)	(2,406,702)
New debt incurred	2,302,866	
Retired debt	<u>(2,406,702)</u>	
Net debt service	\$	

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. More specifically, this represents the change in long term accrued compensated absences.

(95,915)

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**Change in net assets of governmental activities (see Statement 2) \$ 1,628,009**

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*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**For the year ended June 30, 2008**

For the year ended June 30, 2006					
	Budgeted Amounts				Variance with Final Budget-
	Original	Final	Actual Amounts		Positive (negative)
<b>REVENUES</b>					
Taxes	\$ 29,429,759	\$ 29,429,759	\$ 29,258,042	\$	(171,717)
Licenses and permits	703,100	703,100	697,994		(5,106)
Intergovernmental	13,088,334	13,088,334	13,142,105		53,771
Charges for services	797,500	797,500	775,330		(22,170)
Interest earnings	150,000	150,000	170,633		20,633
Other revenues	436,408	436,408	163,712		(272,696)
Total revenues	44,605,101	44,605,101	44,207,816		(397,285)
<b>EXPENDITURES</b>					
Current:					
General government	2,303,910	2,303,910	2,167,619		136,291
Public safety	5,275,326	5,275,326	5,081,794		193,532
Public works	4,184,206	4,184,206	4,371,335		(187,129)
Culture and recreation	894,988	894,988	879,544		15,444
Education	25,673,430	25,673,430	25,097,576		575,854
County tax	941,096	941,096	958,270		(17,174)
Unclassified	3,519,283	3,519,283	2,853,683		665,600
Debt service	2,286,135	2,286,135	2,391,037		(104,902)
Capital improvements	423,256	2,084,687	3,773,960		(1,689,273)
Total expenditures	45,501,630	47,163,061	47,574,818		(411,757)
Excess (deficiency) of revenues over (under) expenditures	(896,529)	(2,557,960)	(3,367,002)		(809,042)
<b>OTHER FINANCING SOURCES (USES)</b>					
Bond proceeds	-	-	4,355,000		4,355,000
Transfers in	476,000	476,000	1,072,061		596,061
Transfers out	(588,435)	(588,435)	(626,092)		(37,657)
Total other financing sources and uses	(112,435)	(112,435)	4,800,969		4,913,404
Net change in fund balances	(1,008,964)	(2,670,395)	1,433,967		4,104,362
Fund balance - beginning	6,621,529	6,621,529	6,621,529		-
Fund balance - ending	\$ 5,612,565	\$ 3,951,134	\$ 8,055,496	\$	4,104,362

Net change in fund balance for the general fund in the Statement of Revenues, Expenditures, and Changes in Fund Balances

(Statement 4) is different because:

Statement 4 is reported under the Modified Accrual basis of accounting and therefore includes the change in accrual for the Teachers summer salaries amount of

(85,731)

Ending Fund Balance (Statement 4)

\$ 7,969,765

See accompanying notes to basic financial statements.



**CITY OF SACO, MAINE**  
**Statement of Net Assets**  
**Proprietary Fund**  
**June 30, 2008**

	<b>Business-type activities</b>
	<b>Enterprise Funds</b>
	<b>Waste Water Treatment Plant</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 4,315,246
Receivables	262,812
Total current assets	4,578,058
Noncurrent assets:	
Depreciable capital assets	
Vehicles	120,689
Buildings	14,775,600
Equipment	2,748,279
Less accumulated depreciation	(13,898,573)
Non-depreciable capital assets	14,918,272
Total noncurrent assets	18,664,267
Total assets	23,242,325
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	40,666
Accrued liabilities	107,553
Interfund payables	2,916,914
Total current liabilities	3,065,133
Noncurrent liabilities:	
Bonds payable due within one year	345,000
Bonds payable due in more than one year	1,630,000
Total noncurrent liabilities	1,975,000
Total liabilities	5,040,133
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	16,689,267
Unrestricted	1,512,925
Total net assets	\$ 18,202,192

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Funds**  
**For the year ended June 30, 2008**

	<b>Business-type activities</b>
	<b>Enterprise Funds</b>
	<b>Waste Water Treatment Plant</b>
Operating revenues:	
Charges for services	\$ 2,218,457
Miscellaneous revenues	4,734
Total operating revenues	2,223,191
Operating expenses:	
Personnel services	839,851
Contractual services	181,637
Utilities	199,769
Repairs and maintenance	11,603
Other supplies and expenses	443,121
Depreciation	511,513
Total operating expenses	2,187,494
Operating income	35,697
Nonoperating revenues (expenses):	
Interest revenues	89,842
Interest expense	(77,619)
Total nonoperating revenues (expenses)	12,223
Change in net assets	47,920
Total net assets - beginning	18,154,272
<b>Total net assets - ending</b>	<b>\$ 18,202,192</b>

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the year ended June 30, 2008**

	<b>Business-type activities</b>
	<b>Enterprise Funds</b>
	<b>Waste Water</b>
	<b>Treatment Plant</b>
<hr/>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 2,161,199
Other receipts (payments)	4,734
Payments to suppliers	(863,667)
Payments to employees	(837,316)
Internal activity- payments to/from other funds	3,314,116
Net cash provided by operating activities	3,779,066
<hr/>	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital asset purchases	-
Principal paid on debt	(345,000)
Interest paid on debt	(77,619)
Net cash (used) in capital and related financing activities	(422,619)
<hr/>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest on investments	89,842
Net cash provided by investing activities	89,842
<hr/>	
Net increase in cash and cash equivalents	3,446,289
Balances- beginning of the year	868,957
<b>Balances- end of the year</b>	<b>\$ 4,315,246</b>
<hr/>	
Reconciliation of operating income to net cash provided	
(used) by operating activities:	
Operating income	35,697
Adjustments to reconcile operating loss to net cash provided	
(used) in operating activities:	
Depreciation expense	511,513
Change in net assets and liabilities:	
Receivables	(57,258)
Interfund receivables	397,202
Interfund payables	2,916,914
Accounts payables	(27,537)
Accrued liabilities	2,535
Net cash provided by operating activities	<b>\$ 3,779,066</b>

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2008**

	Agency Fund
	School Activity Funds
<b>ASSETS</b>	
Cash and cash equivalents	\$ 131,154
<b>Total assets</b>	<b>131,154</b>
<b>LIABILITIES</b>	
Due to student groups	131,154
<b>Total liabilities</b>	<b>\$ 131,154</b>

*See accompanying notes to basic financial statements.*

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. The Reporting Entity**

The City of Saco, Maine was incorporated in 1867 under the laws of the State of Maine. The City operates under a Mayor-Council and City Administrator form of government and provides the following services: general governmental services, public safety, public works (highways, streets and sewers), health, sanitation and welfare, culture and recreation, planning and zoning, education and public improvements. The Council is made up of seven members elected by registered voters.

The criteria used to determine which accounting entities, agencies, commissions, boards and authorities are part of the City's operations include how the budget is adopted, whether debt is secured by general obligation of the City, the City's duty to cover any deficits that may occur, and supervision over the accounting functions. There are no agencies, organizations or activities meeting any of the above criteria that are excluded from the City reporting entity.

The accounting policies of the City of Saco conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant of such policies.

**B. Basis of Presentation**

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

**C. Basis of Accounting/Measurement Focus**

**Government - wide Financial Statements**

The statement of net assets and the statement of activities display information about the City, the primary government, as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Taxes and other items not properly included among program revenues are reported as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the City.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and the restrictions on their net asset use.

**Fund Financial Statements**

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The major funds of the city are the General Fund, the Mill Brook Industrial Park fund and the Saco Island TIF Fund. The General Fund is the general operating fund of the city. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs that are not paid through other funds. The Mill Brook Industrial Park fund accounts for expenditures related to the city's construction of a business industrial park with revenues being derived from the sale of lots within the same. The Saco Island TIF Fund accounts for property taxes received from this tax increment financing district and the capital improvements made within the same.

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. The City's only fiduciary funds include: agency funds (school activity funds).

**GOVERNMENTAL FUNDS**

All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

**Revenue Recognition**

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days of year-end and available to pay obligations of the current period). This includes investment earnings, income taxes withheld by employers, estate taxes, fines and forfeitures and state motor vehicle excise taxes. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made, or when received in advance, deferred until expenditures are made.

Property taxes, though measurable, are not available soon enough in the subsequent year to finance current period obligations. Therefore, property tax receivables are recorded and deferred until they become available. Other revenues, including licenses and permits, certain charges for services, income taxes other than those withheld by employers and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Expenditure Recognition**

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on long-term debt as well as expenditures related to certain compensated absences and claims and judgments are only recorded when payment is due. Allocation of costs, such as depreciation, are not recognized in the governmental funds.

**PROPRIETARY FUNDS**

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Proprietary fund types have selected to consistently not follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989 as permitted under Governmental Accounting Standards Board Statement No. 20. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrances outstanding at year-end are reported as reservations of fund balances within the fund financial statements, since they do not constitute expenditures or liabilities and are added to the subsequent year's adopted appropriations.

**E. Cash and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. City policy is that deposits can only be made in financial institutions insured by the FDIC. The City's investment policy authorizes investments in obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, certain corporate bonds, certain certificates of deposit and certain money market funds. The City invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines as provided by the City's Investment Policy.

Investments are reported at fair value except for money market investments that have a remaining maturity at time of purchase of one year or less are stated at amortized cost. Income earned from the investments of pooled cash is allocated to the various funds on the basis of the average cash balance allocated to each fund.

**F. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the City considered all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**H. Inventories**

Inventory is valued at cost using the first in, first out method. Inventory within the governmental activities consists of those within the School Nutrition Program (Special Revenue Fund).

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items.

**J. Capital Assets**

The City's assets are capitalized at historical cost or estimated historical cost. City policy has set the capitalization threshold for reporting capital assets at \$8,000. The City has chosen the Modified Approach for reporting the infrastructure assets of the City. Gifts or contributions of capital assets are recorded at fair market value when received. Depreciation is recorded on a straight-line basis over the useful lives of the assets as follows:

Buildings	40 years
Building Improvements	40 years
Vehicles	5 years
Office furniture and fixtures	7 years
Equipment	10-20 years
Computer equipment	3 years

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, which requires the inclusion of infrastructure capital assets in local government's basic financial statements. In accordance with Statement No. 34, the City has included the value of all infrastructure into the 2007-2008 Basic Financial Statements. The City developed an implementation plan to determine the value of and include infrastructure costs.

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include the street system; water purification and distribution system; sewer collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and buildings site amenities such as parking used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curbing, sidewalks, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

The City elected to use the Modified Approach as defined by Statement No. 34 for infrastructure reporting. The City commissioned a physical assessment of all infrastructure conditions in 2000 (fiscal year 2001), as well as three years later in 2003 (fiscal year 2004), and again in 2006 (fiscal year 2007). This condition assessment will continue to be performed every 3 years and will be performed next in fiscal year 2010. In 2000, the City commissioned a physical condition assessment of the streets which was completed and dated February, 2001. The city commissioned a second physical condition assessment of its streets in 2003 and has done so on an annual basis since then. These streets, primarily concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed annually through the city's road pavement condition index survey. Each street was assigned a physical condition based on 17 potential defects. A pavement condition index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined: Good condition was assigned to those segments with a rating between 80-100 and given a 1 rating within the asset management system, Fair condition was assigned to those segments with a rating between 65-79 and given a 2 rating within the asset management system, Poor condition was assigned to those segments with a rating between 50-64 and given a 3 rating within the asset management system, and a Substandard condition was assigned to those segments with a rating between 0-49 and given a 4 rating within the asset management system. The City's policy relative to maintaining the street assets is to achieve a minimum rating of 70 for all street segments. This acceptable rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds.

In 2001, 2004 and again in 2007, the City subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other City infrastructure assets. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

The City's policy relative to maintaining other infrastructure assets is to achieve a minimum rating of 2 for all other infrastructure assets.

For all other capital assets; buildings, vehicles, equipment reporting, the City elects to use the Basic Approach, as defined by Statement No. 34. The City conducted an inventory of all other capital assets for fiscal year 2000 and performs updates annually.

This original and updated process determined the original cost, which is defined as the actual cost to acquire new property in accordance with market prices at the time of first construction or acquisition. Original costs were developed in one of three ways: 1) historical records; 2) standard unit costs appropriate for the construction/acquisition date; or 3) present cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date. The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date on a straight line, unrecovered cost method was computed using industry accepted life expectancies for each capital asset. The book value was then computed by deducting the accumulated depreciation from the original cost.

**K. Compensated Absences**

Under terms of personnel policies and union contracts, vacation and sick leave are granted in varying amounts according to length of service. Employees are paid for allowable accruals upon termination of employment.

In the fund financial statements, no amount is recorded unless the amount is to be paid out shortly after year-end. The full liability is recorded in the government-wide statements.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**L. Long-term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due. In the fund financial statements, for other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund.

**M. Fund Equity**

Reserves represent those portions of fund equity not appropriable for expenditure, or are legally segregated for a specific future use.

Encumbered amounts are also reflected as a reserve for encumbrances in the fund financial statements.

**N. Landfill Closure and Postclosure Care Cost**

Statement No. 18 of the Government Accounting Standards Board entitled: "Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs" requires the City to record a liability for the estimated costs of landfill closure and postclosure care, as required by government authorities.

State and federal regulations require that the City place a final cover on its current operating landfills when waste is no longer accepted and to perform certain maintenance and monitoring functions at these sites for a period of thirty years after closure. In addition to operating expenditures related to current activities of the landfills, a related liability is required to be recognized based on the future closure and postclosure care costs that will be paid near or after the date that the landfills stop accepting waste. The City of Saco has one landfill, closure of which is complete. Some monitoring costs will be required in the future, however these costs are not deemed to be material and were therefore not recorded as a liability.

**Note 2 - DEPOSITS AND INVESTMENTS**

The City's policy is to invest all available funds at the highest possible rates, in conformance with legal and administrative guidelines, while avoiding unreasonable risk.

**Deposits**

*Custodial Credit Risk-* City Deposits: Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does have a deposit policy for custodial credit risk. This policy details eligibility for authorization to include banks or savings and loans that are a member of the FDIC and meet the following minimum credit criteria: (1) qualify as a depository of public funds in the State of Maine as defined in Title 30-A, Section 5706 of the Maine Revised Statutes, (2) have a Highline Data Peer Group rating of a 30 or better and (3) have a Financial Publishing rating of a 125 or better. As of June 30, 2008, the City reported deposits of \$8,005,763 with a bank balance of \$7,961,761. Of the City's bank balances of \$7,961,761, \$0 was exposed to custodial credit risk. The entire balance of \$7,961,761 was covered by the F.D.I.C. or by additional insurance purchased on behalf of the City by the respective banking institutions.

Deposits have been reported as follows:

Reported in governmental funds	\$ 3,559,363
Reported in proprietary funds	4,315,246
Reported in agency funds	131,154
<b>Total deposits</b>	<b>\$ 8,005,763</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 2 - DEPOSITS AND INVESTMENTS, Continued**

**Investments**

*Custodial Credit Risk-* City Investments: For investments, this is the risk that in the event of failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does have a deposit policy for custodial credit risk as is outlined above. Of the City's \$3,399,899 invested in money market funds, savings bonds and repurchase agreements, 100% was collateralized by underlying securities held by the related bank in the City's name.

At June 30, 2008, the City had the following investments and maturities:

	Fair Value	Less than 1 year	1-5 years	More than 5 years
Money market funds	\$ 2,655,381	\$ 2,655,381	\$ -	\$ -
Savings bonds	15,000	15,000	-	-
Repurchase agreements	729,518	729,518	-	-
<b>Total investments</b>	<b>\$ 3,399,899</b>	<b>\$ 3,399,899</b>	<b>\$ -</b>	<b>\$ -</b>

Investments have been reported as follows:

<u>Reported in governmental funds</u>	<u>\$ 3,399,899</u>
<b>Total investments</b>	<b>\$ 3,399,899</b>

*Interest Rate Risk:* The City does have a policy related to investment rate risk. This policy details that the investment and cash management portfolio be designed to attain a market value rate of return throughout budgetary and economic cycles, taking into account prevailing market conditions, risk constraints for eligible securities and cash flow requirements.

*Credit Risk:* Maine statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, repurchase agreements and certain corporate stocks and bonds. The City does have a formal policy related to credit rate risk as is detailed above. At June 30, 2008, the City's investments were rated either AAA or AA by Standard & Poor's.

**Note 3 - PROPERTY TAXES**

The City's property tax is levied on the assessed value listed as of the prior April 1 for all taxable real and personal property located in the City. Assessed values are periodically established by the assessor at 100% of assumed market value. Each property must be reviewed no less than once every four years. The assessed value for the list of April 1, 2007, upon which the levy for the year ended June 30, 2008 was based, was \$1,995,056,400. This assessed value was 100% of the estimated market value and 91.92% of the 2008 state valuation of \$2,170,350,000.

The City is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$791,170 for the year ended June 30, 2008.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The City has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 3 – PROPERTY TAXES, Continued**

Property taxes levied during the year were recorded as receivables at the time the levy was made. The receivables collected during the year and in the first sixty days following the end of the fiscal year have been recorded as revenues. The remaining receivables have been recorded as deferred revenues.

The following summarizes the 2007-2008 and 2006-2007 levies respectively:

	<u>2007-2008</u>	<u>2006-2007</u>
Assessed Value	\$1,995,056,900	\$1,929,962,500
Tax Rate (per \$1,000)	<u>13.32</u>	<u>12.73</u>
Commitment	\$ 26,574,151	\$ 24,568,423
Supplemental Taxes Assessed	<u>15,193</u>	<u>39,339</u>
	\$ 26,589,344	\$ 24,607,762
Less: Collections and Abatements	<u>25,737,256</u>	<u>24,077,203</u>
Receivable at June 30, 2008 and 2007	<u>\$ 852,088</u>	<u>\$ 530,559</u>
Due Dates	9/14/07 3/14/08	9/15/06 3/16/07
Interest Rates on Delinquent Taxes	12.0%	11.0%
Collection Rate	96.80%	97.84%

Of the total taxes committed for the year ended June 30, 2008, \$388,072 was allocated to the Saco Island TIF District, \$35,827 was allocated to First Light Technology, Inc., \$2,389 was allocated to Transparent Audio, \$133,541 was allocated to the Spring Hill TIF and \$31,436 was allocated to Saco Plaza LLC, under the approved incremental tax levied on the Tax Increment Financing Districts' "captured assessed value" (see Note 9).



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 4 – CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City has reported all capital assets including infrastructure in the Government-wide Statement of Net Assets. The City elected to use the “modified approach” as defined by GASB Statement No. 34 for infrastructure reporting. As a result, no accumulated depreciation or depreciation expense has been recorded for these assets. A more detailed discussion of the “modified approach” is presented in the Required Supplementary Information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense has been recorded. The table below presents summary information on infrastructure assets for the years ending June 30, 2007 and 2008.

	Historical Cost	Accumulated Depreciation	Net Cost 2008	Net Cost 2007
<b>Governmental Activities:</b>				
Modified Approach:				
Catch basins and manholes	\$ 2,294,508	-	2,294,508	2,136,971
Storm drainage	17,839,038	-	17,839,038	17,775,855
Sidewalks	1,578,296	-	1,578,296	1,570,178
Street Pavement System	8,578,587	-	8,578,587	5,240,263
Traffic signals	795,155	-	795,155	775,820
Street signs	44,818	-	44,818	44,818
Land	5,178,042	-	5,178,042	5,158,042
Construction in progress	1,983,763	-	1,983,763	-
<b>Total Governmental Activities</b>	<b>38,292,207</b>	<b>-</b>	<b>38,292,207</b>	<b>32,701,947</b>
<b>Business-type Activities:</b>				
Sewer pipe	14,918,272	-	14,918,272	14,918,272
<b>Total Business-type Activities</b>	<b>\$ 14,918,272</b>	<b>-</b>	<b>14,918,272</b>	<b>\$ 14,918,272</b>

Capital assets of the City for the years ended June 30, 2007 and 2008, consisted of the following:

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
<b>Governmental Activities:</b>				
Buildings and Improvements	\$ 34,448,489	\$ 134,701	\$ -	\$ 34,583,190
Vehicles	6,652,069	427,135	-	7,079,204
Machinery and Equipment	5,620,464	28,429	-	5,648,893
<b>Total</b>	<b>46,721,022</b>	<b>590,265</b>	<b>-</b>	<b>47,311,287</b>
<b>Accumulated Depreciation:</b>				
Buildings and Improvements	(21,490,040)	(707,164)	-	(22,197,204)
Vehicles	(4,351,039)	(529,063)	-	(4,880,102)
Machinery and Equipment	(4,682,043)	(269,274)	-	(4,951,317)
<b>Total</b>	<b>(30,523,122)</b>	<b>(1,505,501)</b>	<b>-</b>	<b>(32,028,623)</b>
<b>Total Governmental Activities</b>	<b>\$ 16,197,900</b>	<b>\$ (915,236)</b>	<b>\$ -</b>	<b>\$ 15,282,664</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 4 – CAPITAL ASSETS, Continued**

The change in accumulated depreciation can be further detailed by major class of assets as follows:

Vehicles	\$ 529,063			
Buildings	707,164			
Equipment	<u>269,274</u>			
TOTAL	<u>\$1,505,501</u>			

	Balance July 1, 2007	Increases	Decreases	Balance June 30, 2008
Business-type Activities:				
Buildings and Improvements	\$ 14,775,600	\$ -	\$ -	\$ 14,775,600
Vehicles	120,687	-	-	120,687
Machinery and Equipment	2,748,281	-	-	2,748,281
Total	17,644,568	-	-	17,644,568
Accumulated Depreciation:				
Buildings and Improvements	(11,443,677)	(370,132)	-	(11,813,807)
Vehicles	(110,613)	(5,038)	-	(115,651)
Machinery and Equipment	(1,832,769)	(136,344)	-	(1,969,115)
Total	(13,387,059)	(511,513)	-	(13,898,573)
Total Business-type Activities	\$ 4,257,509	\$ (511,513)	\$ -	\$ 3,745,995

The change in accumulated depreciation can be further detailed by major class of assets as follows:

Vehicles	\$ 5,038
Buildings	370,132
Equipment	<u>136,344</u>
<b>TOTAL</b>	<b><u>\$ 511,513</u></b>

For the year ended June 30, 2008 and 2007, depreciation expense on capital assets was charged to the government functions as follows:

	<b><u>2008</u></b>	<b><u>2007</u></b>
General Government	\$ 125,052	\$ 92,468
Public Safety – Police	143,629	157,487
Public Works	302,212	359,369
Parks and Recreation	35,767	59,405
Public Safety – Fire	224,837	213,018
Education	<u>674,005</u>	<u>659,994</u>
<b>Total Depreciation Expense</b>	<b><u>\$1,505,501</u></b>	<b><u>\$1,541,741</u></b>

For the year ended June 30, 2008 and 2007, repairs and maintenance expenses on capital and infrastructure assets were charged to the government functions as follows:

	<b><u>2008</u></b>	<b><u>2007</u></b>
Public Safety – Police	\$ 101,234	\$ 99,830
Public Safety – Fire/Ambulance	48,115	44,061
Public Works	283,506	324,901
Parks and Recreation	25,597	-
Capital Improvement Projects	<u>788,291</u>	<u>1,076,612</u>
<b>Total repairs &amp; maintenance expense</b>	<b><u>\$ 1,246,743</u></b>	<b><u>\$ 1,545,404</u></b>



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 5 - COMPENSATED ABSENCES**

The City's policy relating to compensated absences is described in Note 1. The long-term portion of this debt, amounting to \$1,150,813 for governmental activities and \$83,957 for business-type activities at June 30, 2008, is expected to be paid in future years from future resources. In prior years, compensated absences have been liquidated primarily by the general fund and the enterprise fund, with a minor amount being paid from certain special revenue funds.

**Note 6 - LONG-TERM DEBT**

The following is a summary of long-term debt transactions within the governmental activities and the business-type activities for the City for the year ended June 30, 2008:

	Bonds & Notes Payable	Capital Leases Payable	Compensated Absences	Total
Governmental Activities:				
Debt Payable at June 30, 2007	\$ 13,172,688	\$ 3,359,272	\$ 1,054,898	\$ 17,586,858
Add: New debt payables	4,355,000	343,479	95,915	4,794,394
	17,527,688	3,702,751	1,150,813	22,381,252
Less: Debt retired	1,397,045	894,732	-	2,291,777
Debt Payable at June 30, 2008	\$ 16,130,643	\$ 2,808,019	\$ 1,150,813	\$ 20,089,475
Due within one year	1,617,045	874,170	-	2,491,215
Business-type Activities:				
Debt Payable at June 30, 2007	2,320,000	-	84,306	2,404,306
Add: New debt payables	-	-	-	-
	2,320,000	-	84,306	2,404,306
Less: Debt retired	345,000	-	349	345,349
Debt Payable at June 30, 2008	\$ 1,975,000	\$ -	\$ 83,957	\$ 2,058,957
Due within one year	345,000	-	-	345,000

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 6 - LONG-TERM DEBT, Continued**

Long-term debt payable at June 30, 2008 is comprised of the following:

General Obligation Bonds	Interest Rate	Original Issue Amount	Final Maturity Date	Balance End of Year	Due Within One Year
<b>Governmental Activities:</b>					
2007 Infrastructure Bond	4.15% - 4.20%	\$4,355,000	10/1/2027	\$4,355,000	\$220,000
2006 Open Space Bond	4.00% - 4.50%	1,500,000	1/1/2026	1,350,000	75,000
2003 Refunding Bond	3.85%	2,977,057	10/1/2018	2,046,727	186,066
2002 Refunding Bond (50%)	2.00% - 4.50%	1,092,500	10/1/2014	555,000	85,000
2002 School Renovation (1)	None	1,159,789	2012	463,916	115,979
2002 School Renovation	3.25% - 5.00%	5,940,000	1/1/2022	4,140,000	300,000
1996 Police Station	5.60%	2,000,000	10/1/2016	900,000	100,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	1,305,000	145,000
1991 School Construction	7.40% - 7.50%	4,700,000	9/1/2010	705,000	235,000
1989 Capital Improvement	7.25% - 7.30%	3,100,000	10/25/2009	310,000	155,000
<b>Total - Governmental</b>				<b>\$16,130,643</b>	<b>\$1,617,045</b>
<b>Business-type Activities:</b>					
2002 Refunding Bond (50%)	2.00% - 4.50%	\$1,092,500	10/1/2014	\$555,000	\$85,000
1996 Route One Sewer (50%)	5.55%	2,900,000	10/1/2016	1,305,000	145,000
1988 Sewer Project	5.70% - 7.70%	2,300,000	10/25/2008	115,000	115,000
<b>Total Enterprise Fund</b>				<b>\$1,975,000</b>	<b>\$345,000</b>
<b>Grant Total All Funds</b>				<b>\$18,105,643</b>	<b>\$1,962,045</b>

(1) The original amount of this note was \$2,456,690 of which \$1,296,901 has been forgiven by the State. The City's outstanding share at June 30, 2008 was \$463,916.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 6 - LONG-TERM DEBT, Continued**

The annual requirements to amortize General Obligation Bonds outstanding as of June 30, 2008 for both governmental activities and business-type activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
<u>Governmental Activities:</u>			
2009	\$ 1,617,045	\$ 608,217	\$ 2,225,262
2010	1,614,545	540,918	2,155,463
2011	1,452,045	478,704	1,930,749
2012	1,217,045	430,643	1,647,688
2013	1,098,566	391,013	1,489,579
2014-2018	5,010,330	1,367,265	6,377,595
2019-2023	2,821,067	585,372	3,406,439
2024-2028	1,300,000	133,125	1,433,125
<b>Total</b>	<b>\$16,130,643</b>	<b>\$ 4,535,257</b>	<b>\$ 20,665,900</b>
<u>Business-type Activities:</u>			
2009	\$ 345,000	59,332	404,332
2010	227,500	47,933	275,433
2011	225,000	40,894	265,894
2012	225,000	33,697	258,697
2013	222,500	26,451	248,951
2014-2018	730,000	39,378	769,378
2019-2023	-	-	-
2024-2028	-	-	-
<b>Total</b>	<b>\$1,975,000</b>	<b>\$ 247,685</b>	<b>\$ 2,222,685</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 6 - LONG-TERM DEBT, Continued**

Leases that qualify as capital leases for accounting purposes have been recorded at the present value of future minimum lease payments as of the date of the inception. The School, Fire and Public Works Department leases are reported as a liability in the government wide financial statements. The following presents a summary of the capital lease commitments as of June 30, 2008:

	Original Purchase Price	Annual Depreciation Expense	Total Minimum Lease Payments	Interest	Present Value of Minimum Lease Payments
<u>Governmental Activities:</u>					
Public Works - equipment 2007	312,481	31,248	277,677	42,748	234,929
Fire pumper truck	358,853	23,924	387,585	64,887	322,698
Public Works - equipment 2006	473,000	61,640	182,437	12,708	169,729
Public Works - equipment 2005	626,532	125,306	458,442	67,024	391,418
Fire Department - Brush truck	96,650	9,465	47,700	4,386	43,314
Cide-wide recycling bins	589,872	39,325	284,771	29,059	255,712
Public Schools - Modular Class	58,356	5,835	25,641	1,349	24,292
Public Schools - copiers	139,856	27,971	61,609	3,048	58,561
Public Schools - computer equip.	232,762	46,552	124,311	8,047	116,264
Public Schools - modular school	2,054,054	102,703	884,129	18,089	866,040
Public Schools - school bus	92,081	189,416	73,665	6,973	66,692
Public School - copiers	78,370	-	88,317	9,947	78,370
Public Works - equipment 2008	180,000	18,000	<u>189,155</u>	<u>9,155</u>	<u>180,000</u>
			<u>\$3,085,439</u>	<u>\$277,420</u>	<u>\$2,808,019</u>

The annual requirements to amortize Capital Lease Obligations outstanding as of June 30, 2008 for the Governmental activities are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Lease Obligation</u>
2009	\$ 874,170	\$ 93,999	\$ 968,169
2010	881,634	58,694	940,328
2011	270,747	44,437	315,184
2012	266,587	32,697	299,284
2013	188,438	21,238	209,676
2014-2017	<u>326,443</u>	<u>26,355</u>	<u>352,798</u>
Total	<u>\$ 2,808,019</u>	<u>\$ 277,420</u>	<u>\$ 3,085,439</u>

In accordance with 30 MRSA, Section 5061, as amended, no municipality shall incur debt for specified purposes in excess of certain percentages of the state valuation of such municipality. Additionally, no municipality shall incur debt in the aggregate in excess of 15% of its stated assessed valuation. The City's outstanding debt at June 30, 2008, of \$20,913,662, was \$304,638,838 below the City's statutory debt limit. Total interest expended for all funds of the city was \$993,992, for the year ended June 30, 2008.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 7 - OVERLAPPING DEBT**

The City's proportionate share of York County's debt (determined by the percentage of the City's state valuation to the County's state valuation) is not reported in the City's financial statements. Debt service is included in the annual county assessment to the City. At June 30, 2008, the City's equalized State valuation of \$2,170,350,000 was 6.89% of the County's equalized State Valuation of \$29,898,050,000. The City's share is 6.95%, or \$1,024,391 of York County's \$14,739,439 long-term debt outstanding as of June 30, 2008.

**Note 8 - CONTINGENT LIABILITIES**

**Grant Funds**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowance claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

**Litigation**

The City is subject to certain legal proceedings and claims which arise in the ordinary course of conducting its activities. In the opinion of management, the City has defensible positions and any ultimate liabilities are covered by insurance or will not materially affect the financial position of the City.

**Note 9 - TAX INCREMENT FINANCING DISTRICT**

Under Title 30, Subchapter II-B of Maine State statutes, the City formed a Tax Increment Finance (TIF) District to finance certain public improvements to Saco Island, formerly known as Factory Island. The expenditures from this development project will be recouped in future years via an incremental tax levied upon the Districts' "captured assessed value" over a fifteen year period to expire December 30, 2016. The tax increment will be held in the form of a sinking fund. The short-term financing mechanism for the public improvement projects is a reimbursement agreement between the City and the project developer.

The City originally established the Saco Island Tax Increment Financing (TIF) District in 1985 and amended it in 1986. The agreement required certain improvements and required the City to collect monies in a sinking fund. The developer and his successors were reimbursed for these improvements. The length of this agreement was 15 years from the date of approval of the second TIF.

In March of 1999 the Maine Department of Economic and Community Development accepted the City's application to amend the Saco Island Tax Increment Financing District. It authorized the City to capture increased assessed value for a period of fifteen years, add approximately 7.5 acres to the District, and revise the program of public improvements, as part of the City's continuing revitalization effort of the Downtown and Saco Island, and in response to the state of Maine's need for a train station on Saco Island. In addition to improvements within the District, TIF proceeds will be used to organize, construct and improve parking areas within 500 feet of the District.

The City will continue to recapture one hundred percent of the first \$14,400,000 in increased assessed value to fund the completion of the improvements within the amended development program. The City will pay for all public improvements in the District, utilizing municipal tax increment revenues on retained captured assessed value generated by the District and deposited into the Development Program Fund. The City will utilize available Federal funds, to finance a share of the construction costs of the rail station, and other grant funds as they become available. The City will not incur any general obligation bond indebtedness in connection with this program.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 9 - TAX INCREMENT FINANCING DISTRICT, Continued**

Also, in February 1997, the City formed a Tax Increment Finance (TIF) District to assist First Light Technology, Inc. (The Company) in acquiring real estate, constructing a manufacturing and research building, and to assist the City in financing the costs of the Public Improvements or to pay the costs of constructing such improvements directly. Under the Development Program, the City will make a portion of the newly-generated tax revenues within the District available to the Company for a period of (5) years pursuant to a credit enhancement agreement, which is a contract between the City and the Company. This portion will be equal to 40 percent of the increased value of the real estate (including buildings).

The remaining portion of the new real estate tax revenues (60 percent) and a portion of the new personal property tax revenues (50 percent, exclusive of existing equipment moved to the new location) will be captured for a period of twenty (20) years and used or held for use in connection with the Public Improvements. All remaining tax revenues will become part of the City's general tax revenues. After expiration of the five year period, the portion paid into the City's general fund will include the tax revenues previously returned to the Company.

In July 1998, the City formed a TIF District to assist Transparent Audio, Inc. (the Company) in constructing a building, real property improvements, and additional personal property acquisitions. During the first ten (10) years of the Development Program, the City will capture one hundred percent (100%) of the increase in assessed value due to the Real Property Improvements, allocating during years one through five, forty (40%) percent of the incremental municipal tax increment revenues from the Real Property Improvements (the "Real Property Captured Tax Increment Revenues") to the Company pursuant to a credit enhancement agreement ("the Company Increment Portion"). The agreement also provides that twenty percent (20%) of such revenues will be allocated to the Company during years six through ten. No part of the incremental revenues from the additional personal property will be returned to the Company pursuant to the Development Program.

The Real Property Captured Tax Increment Revenues shall be calculated based on real property values in excess of the City's valuation of the District as of April 1, 1998 (\$53,600). The Company Increment Portion will be used by the Company either to pay costs of the Project directly or to pay debt service used to finance costs of the Project. The Project costs financed with Real Property Captured Tax Increment Revenues will represent only a portion of the total costs of the Project. All additional costs of the Company in respect of the Project will be the responsibility of the Company. After ten years, the Company will have no further right to the Company Increment Portion, and it will form part of the City's general revenues.

Saco Plaza, Inc. (the Company) has developed the real estate constituting the District and constructed an 80-100 room hotel and allied facilities (conference facilities and restaurant) along with related physical improvements thereon (the Project). The purpose of the District is to assist the Company in financing the costs of the Project, and to assist the City in economic development in the North Street – Maine Turnpike area, and to assist in furtherance of the Industrial Park Road expansion. During the first five (5) years of the Development Program, the City will capture 100% of the increase in assessed value due to real and personal property improvements, allocating this captured incremental municipal tax revenue between the Company (the "Company Incremental Portion") and the City ("City Increment Portion") pursuant to a credit enhancement agreement between Company and City. The credit enhancement agreement provides that forty (40) percent of the Captured Incremental Revenues during this initial five (5) year period will be made available to the Company while sixty (60) percent of the Captured Incremental Revenues will flow to the City for economic development purposes both in the North Street – Maine Turnpike area, and with expanding the Industrial Park Road. During the final five (5) years of the Development Program, the City will capture only forty (40) percent of the incremental increase in assessed values due to real and personal property improvements, allocating this revenue to the Company pursuant to the credit enhancement agreement. The remaining sixty (60) percent of increased assessed value will not be captured in the final five (5) years of the Project but will flow to the City's General Fund.



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 9 - TAX INCREMENT FINANCING DISTRICT, Continued**

In March 2002, the City formed a TIF District (Spring Hill Municipal Development and Tax Incremental Financing District) for the creation of a municipal development and tax increment-financing district within the Spring Hill section of the Saco Industrial Park and adjacent areas. The adjacent areas include a portion of the railroad right of way for the Saco Industrial Park, a portion of the proposed Saco 67 Business Park across Route 1 from the Spring Hill section, and a portion of the Route 1 right of way where the installation of a traffic light and a sewer are contemplated. The goal of this TIF district is to provide for the creation of serviced business park lots and to permit the purchase of land therefore, to provide for additional rail service to an existing industrial park, to provide for traffic improvements such as a traffic light required by these industrial developments, and to provide for the installation of a public sewer system in an area of industrial, business, and commercial zoning to enhance the facilities for business and industrial development. During the first ten (10) years of the Development Program, the City will capture one hundred percent (100%) of the increase in assessed value due to the Real Property Improvements, allocating all 100% to the Development Program. After the tenth year, the tax revenues will flow into the City's General Fund.

The Spring Hill TIF was amended on October 7, 2008. Boundary changes removed a 12 foot strip to the Scarborough line and added one lot to the district. This lot is the site of a new IMAX theater. The TIF revisions also create a mitigation fund for the fifth lane in Route 1, which MDOT plans to require for an IMAX theater (\$118,000), and extends the end date of the TIF 10 years beyond the original 2012 expiration to 2022.

The Park North TIF, approved September 12, 2007, is for 100% of the tax increment for 20 years, with 70% reimbursing the developer for a sewer extension. The developer has paid for the costs and financing for the sewer extension and for a pump station serving the project. This includes only large sewer mains, not local service mains within the development. The sewer cost is estimated at \$3.5 million, although financing may double the cost. Reimbursement to the developer continues until the company is reimbursed. It is estimated that it may take 11 years to reimburse. The remainder of the TIF --30% in the early years, 100% later -- would be used by the City for a program of improvements in the district and in the area of the project and some qualifying economic development projects.

The Industrial Park Road TIF was approved March 16, 2007, is for 100% of the tax increment through 2027. The entire increment will be treated in a special fund by the city and used for construction of roads and sewers and sidewalks including improvements to a portion of North Street and a portion of Industrial Park Road. An agreement has been reached with People's Choice Credit Union to reimburse the company \$100,000 for intersection improvements, by reimbursing it 50% of its taxes each year until it receives the full \$100,000 payout.

The Franklin Fuels TIF (Incon, Intelligent Controls), was approved on March 24, 2008. The TIF captures 100% of captured assessed value. The agreement returns 45% of taxes to Franklin Fuels which erected a new industrial building in which it manufactures fuel tank monitoring equipment and other electronic detection devices. The TIF retains 55% for City public improvements and Economic Development programs through fiscal 2019.

The Saco Island Renaissance TIF was approved in September 2007. The Mattson Development entity, (formerly Harpers), plans to complete approximately \$80 million of mixed-use mill rehabilitation projects over several years. This TIF is for 95% of the new value for 15 years, and for 90% of the value for the following 15 years. Five percent and 10 percent of the project respectively remains unTIFed. The funds will be returned to the developer under a credit enhancement agreement.



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 10 – TAX BASE SHARING WITH THE CITY OF BIDDEFORD**

Tax base sharing is established under Title 30-A of the Maine Revised Statutes, as amended, to increase the likelihood of orderly development and to provide an incentive for coordinated multi-community economic development by permitting two or more communities to share their tax base. Any two or more municipalities may, by vote of their legislative bodies, enter into an agreement to share all or a specific part of the commercial, industrial or residential assessed valuation located within their respective communities. The shared valuation is assessed in the municipality in which the property is located, taxed at the rate applicable in that municipality and collected by the respective municipality. The share of the tax, as specified in the agreement, must be remitted within fifteen days to the other municipalities on the basis of the terms of the agreement. For the fiscal year end June 30, 2007, the City of Saco's share of the tax base sharing revenue was \$92,506. This amount remains outstanding at June 30, 2008.

**Note 11 - RELATED PARTY TRANSACTIONS**

The Lucia Kimball Deering Trust is related to the Kimball Health Center through common directorships. Beginning in May 1986, the amount due to the Trust from the Kimball Health Center was being reimbursed at the rate of \$500 per month. However, the reimbursement amount is left to the discretion of the Board of Directors. No interest is charged on this loan, which had an outstanding balance of \$860,400 at June 30, 2008.

**Note 12 -CLASSIFICATION OF NET ASSETS AND FUND BALANCE**

In the Government-wide financial statements net assets are classified in the following categories:

Invested in Capital Assets, Net of Related Debt- This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted Net Assets- This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. This category presents restrictions placed on the categories of Capital Projects, and Specific Projects and Programs as established by City Council.

Unrestricted Net Assets- Represent the net assets of the City, not restricted for any project or other purpose.

In the Fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions. As of June 30, 2008, reservations of fund balance are described below:

Reserved for Encumbrances- These reserves represent the portion of purchase orders and contracts awarded for which goods and services have not yet been received.

Reserved for Prepaid items- These reserves represent the portion of insurance expenditures paid for policies good through a future date.

Reserved for Capital Improvement Projects- These reserves represent specific projects and programs for which the City has made a commitment towards completion through adoption of the City Budget and 5-Year Capital Improvement Plan.

Reserved for Inventory- These reserves represent that portion reserved for the value of inventory at year end.

Reserved for Nonexpendable trust principal- These reserves represent that portion of originally contributed trust fund assets restricted from disbursement.

Reserved for other purposes- These reserves represent that portion of Special Revenue Fund grants restricted for grant intended purposes.

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 13 – DEFICIT FUND BALANCES**

The City's Special Revenue Funds for the Recreation Impact Fees, Ambulance Fund and School Lunch Program, as well as the City's Major Capital Project fund for the Saco Island TIF and the Mill Brook Industrial Park and the non-major Greater Downtown TIF and Park North TIF capital project fund are carrying forward fund deficits as of June 30, 2008. These deficits will be funded by future operations through anticipated revenues to be received.

**Note 14 - RETIREMENT SYSTEM**

**Maine Public Employees Retirement System (Maine PERS) – Consolidated Plan**

**Description of the Plan** – The City contributes to Maine Public Employees Retirement System (Maine PERS) Consolidated Plan, a cost sharing multiple-employer public employee retirement system established by the Maine State legislature. The Maine Public Employees Retirement System provides retirement and disability benefits and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine Public Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** – Plan members are required to contribute 6.5% of their annual covered salary and the City of Saco is required to contribute an actuarially determined rate. The current rate is 0% of annual covered payroll. The contribution rates of plan members and the City of Saco are established and may be amended by the Maine PERS Board of Trustees. The City's contributions to the Maine PERS Consolidated Plan for the years ended June 30, 2008, 2007 and 2006 were \$0, \$0 and \$0 respectively, equal to the required contributions for each year. This is due to the fact that necessary contributions to the plan are being offset by existing credits.

**Maine Public Employees Retirement System (Maine PERS) – Teacher's Group**

**Description of the Plan** – All school teachers, plus other qualified educators, participate in the Maine PERS's teacher group. The teacher's group is a cost-sharing plan with a special funding situation, established by the Maine State legislature. The Maine PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine PERS issues a publicly available financial report that includes financial statements and required supplementary information for the Teacher's Group. That report may be obtained by writing to Maine Public Employees Retirement System, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

**Funding Policy** – Plan members are required to contribute 7.65% of their compensation to the retirement system. The State of Maine Department of Education is required, by the same statute, to contribute the employer contribution which amounts to \$1,744,847 (18.71%) for the fiscal year 2008. This amount has been reported as an intergovernmental revenue and education expenditure in the GAAP basis fund financial statements (Statement 4) as well as the entity wide financial statements (Statement 2). There is no contribution required by the School except for federally funded teachers, for which the School contributed 18.71% of their compensation. This cost is charged to the applicable grant and amounted to \$55,495 (18.71%) for the year ended June 30, 2008, \$60,404 (19.14%) for the year ending June 30, 2007, and \$53,257 (19.15%) for the year ending June 30, 2006.

**Deferred Compensation Plan**

In lieu of coverage under the Maine State Retirement System, City employees may elect to participate in a deferred compensation plan adopted under the provisions of Internal Revenue Code Section 457 (Deferred Compensation Plans with Respect to Service for State and Local Governments).

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 14 - RETIREMENT SYSTEM, Continued**

Under the plan, employees may elect to defer a portion of their salaries and avoid paying taxes on the deferred portion until the withdrawal date. The plan vests at the end of two years of service and 100% at the end of three years. The City expended \$108,054 (5%) for the year ended June 30, 2008, \$193,772 (5%) for the year ended June 30, 2007, and \$118,481 (5%) for the year ended June 30, 2006. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death, or unforeseeable emergency.

Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the City's financial statements.

**Other**

Additionally, the City participates in the Social Security Retirement Program. The City's contribution to Social Security was approximately \$605,410 for the year ended June 30, 2008, \$569,328 for the year ended June 30, 2007, and \$542,534 for the year ended June 30, 2006.

**Note 15 - OTHER DISCLOSURES**

**Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; and natural disasters for which the City either carries commercial insurance, or participates in a public entity risk pool. Currently, the City participates in a public entity risk pool for its workers compensation insurance sponsored by the Maine Municipal Association. Based on the coverage provided by the pool, as well as coverage provided by commercial insurance purchased, the City is not aware of any material actual or potential claim liabilities, which should be recorded at June 30, 2008. There were no significant reductions in insurance coverage from that of the prior year. Settled claims have not exceeded insurance coverage for any of the past three fiscal years. The amount of unpaid claims was \$0 at June 30, 2008 and 2007.

**Note 16 – BUDGETARY INFORMATION**

Through the budget, the City Council sets the direction of the City, allocates its resources and establishes its priorities. The Annual Budget assures the efficient and effective uses of the City's economic resources, as well as establishing that the highest priority objectives are accomplished. The City legally adopts annual budgets for the Governmental General Fund and the Business-Type Waste Water Treatment Plant Fund.

The Annual Budget serves from July 1 to June 30, and it is a vehicle to accurately and openly communicate these priorities to the community, businesses, vendors, employees and other public agencies. In addition, it establishes the foundation of effective financial planning. The budget provides resource planning, performance measures and controls that permit the evaluation and adjustment of the City's performance.

The City of Saco, Maine's budget is prepared and based on four expenditure categories; personnel, operations & maintenance, other expenditures and capital improvement programs. The first three listed are considered operational in nature or known as *recurring costs*. Capital Improvement Projects are asset acquisitions, facilities, systems, and infrastructure improvements, etc. typically over \$8,000, and/or those items "outside" of the normal operational budget, these are known as *one-time costs*.

The accounts of the City are organized on the basis of funds.

The City collects and records revenue and expenditures within the following categories:

- Governmental Activities
- Business-Type Activities

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 16 – BUDGETARY INFORMATION, Continued**

The Governmental Funds include the General Fund, Special Revenue Funds, Capital Project Funds and the Permanent Funds. All funding sources are kept separate, for both reporting and for uses of the money. The General Fund is where most City services are funded that are not required to be segregated.

The budget process begins as a team effort in January of each year, starting with an annual strategic planning meeting, then from this, the individual departments use projected revenue assumptions to prioritize and recommend the next fiscal year's objectives. The City Administrator and the Finance Director review each budget proposal, revenue assumptions and all current financial obligations, before preparing the proposed document to the City Council. The City Council reviews the Proposed Budget, through a series of workshop meetings, with the final adoption scheduled during the first council meeting in June.

Per City Charter, the level of budgetary control is at the department level. The following departments overspent their fiscal year 2008 budgets: City Administration by \$14,576, City Building Maintenance by \$9,729, Planning by \$29,412, Public Works by \$187,129, Adult Education by \$8,270, Contingency by \$15,014, and City Debt Service Interest by \$109,758. These over expenditures were anticipated and in most cases had additional revenue to cover them. The overages lapsed to undesignated fund balance at year end.

According to the City Charter, the departments are allowed to carry over unspent portions of their individual capital budgets which then can be used in future years. For the Governmental Activities and the Business-Type Activities of fiscal year 2007-2008 the amounts carried over by the departments totaled \$3,481,440 and \$2,712,011 respectively, with a like amount designated in the General Fund balance under the title of Restricted for Capital Projects. The department totals were as follows:

<u>Department</u>	<u>Carryover</u>
<i>Governmental Activities:</i>	
Capital Improvement Projects	\$ 3,481,440
Total Governmental Activities	\$ <u>3,481,440</u>
<i>Business-Type Activities:</i>	
Waste Water Treatment Plant	\$ 2,712,011
Total Business-Type Activities	\$ <u>2,712,011</u>

See Statement 6 Within the Government-wide financial statements for a Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for an analysis of the original approved budget versus the final budget and actual amounts.

**Note 17 – INTERFUND ACCOUNTS**

Due from/to other funds at June 30, 2008 consist of the following:

	<u>Due from</u>	<u>Due to</u>
General Fund	\$7,186,617	\$ 1,353,460
Special Revenue Funds	664,344	945,778
Capital Project Funds	689,117	584,421
Mill Brook Industrial Park Fund	-	1,344,494
Saco Island TIF Fund	-	1,395,011
Proprietary Funds	-	2,916,914
<b>TOTAL</b>	<b>\$ 8,540,078</b>	<b>\$8,540,078</b>



**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

**Note 17 – INTERFUND ACCOUNTS, Continued**

Interfund transfers during the year ended June 30, 2008 consisted of the following:

	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 1,072,061	\$ 626,092
Special Revenue Funds	34,827	801,000
Capital Project Funds	203,193	271,061
Saco Island TIF Fund	388,072	-
<b>TOTAL</b>	<b>\$ 1,698,153</b>	<b>\$ 1,698,153</b>

The purposes of the due to/due from other funds are to charge revenue and expenditure activity to the appropriate funds. With centralized cash, everything is received and disbursed through the general fund. With due to/due from accounts, it allows the activity to be recorded within the proper fund, even though the activity occurs within the general fund cash account.

The primary purposes of the transfers are to match budgeted amounts within the general fund from the funds financing the various projects. Due to the fact that one budget is adopted; many projects from other funds are included in the capital improvement section of the budget. These transfers allow for the revenue to be reflected within the general fund where the expenditures have been budgeted and paid.

**Note 18 – DESIGNATED FUND BALANCE**

At June 30, 2008 and 2007, portions of the General Fund unreserved fund balance were designated by the School Department as follows:

	<u>2008</u>	<u>2007</u>
Reappropriated to subsequent years budget	\$763,528	\$429,634
<b>Total designated</b>	<b>\$763,528</b>	<b>\$429,634</b>

**Note 19 – NET ASSETS**

Net Assets - Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds and capital leases payable and adding back any unspent proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The City's net assets invested in capital assets, net of related debt was calculated as follows at June 30, 2008:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 85,603,494	32,562,840
Accumulated depreciation	(32,028,623)	(13,898,573)
Bonds payable	(16,130,643)	(1,975,000)
Capital leases	(2,808,019)	-
<b>Total invested in capital assets net of related debt</b>	<b>\$ 34,636,209</b>	<b>16,689,267</b>

**CITY OF SACO, MAINE**  
**Notes to Basic Financial Statements**  
**June 30, 2008**

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**Note 20 – SCHOOL ADMINISTRATIVE REORGANIZATION**

On June 6, 2007, and as amended in April of 2008, the Maine House and Senate enacted the two-year state budget including the school administrative reorganization legislation “School Administrative Reorganization” (“SAR”) as Public Law 2007, Chapter 240. The law sets forth state policy to ensure that schools are organized as units in order to provide equitable educational opportunities, rigorous academic programs, uniformity in delivering programs, a greater uniformity in tax rates, more efficient and effective use of limited resources, preservation of school choice and maximum opportunity to deliver services in an efficient manner. All school units and municipal school units (collectively School Administrative Units or “SAU”) are directed to work with other units to reorganize into larger, more efficient units; or where expansion of the unit would be impractical or inconsistent with state policy, reorganize their own administrative structures to reduce costs. The legislative intent of the law is to create a maximum of 80 school units or the number of units appropriate to achieve administrative efficiencies.

The law requires existing SAUs to file a “Notice of Intent” with the Commissioner by August 31, 2007. The Notice of Intent must elect either to engage in planning and negotiating with other SAUs for the purpose of developing a reorganization plan to form a regional school unit (“RSU”), or the intent to submit an alternative plan to achieve efficiencies. The Notice of Intent is subject to approval by the Commissioner of Education (the “Commissioner”), including approval of the election to file an alternative plan. SAUs are then required to submit a reorganization plan, or, if a SAU is exempted by the members of the general public, develop the reorganization plans. Reorganization plans approved by the Department of Education (“DOE”) are submitted to the voters in the proposed RSU.

If the reorganization plan is approved by the voters, elections will then be held for seats on the RSU school board.

All reorganization plans are subject to voter approval. A SAU whose plan is approved by the Commissioner in December 2007 must hold a referendum on the plan on or before January 15, 2008. A SAU whose plan is received or revised after December 15, 2007 and approved by the Commissioner in December 2007 but has exercised due diligence and acted in good faith in developing a reorganization plan, must hold a referendum of the plan on June 10, 2008. The DOE will fund the cost of a referendum held on or before January 15, 2008.

SAU’s, not otherwise exempt, that fail to approve a reorganization plan by November 4, 2008 and to implement that plan by July 1, 2009 will face financial penalties, starting on July 1, 2009. Penalties for SAUs that do not form appropriate RSUs by the beginning of FY 2010 include:

- A 50% reduction in minimum subsidy (the special education minimum);
- A 50% reduction in system administration costs includable for purposes of the funding model;
- Less favorable consideration in approval and funding for school construction;
- Loss of eligibility for transition adjustments; and
- The percentage of state subsidy will not increase to the highest level as called for in the four-year “ramp-up” of state funding for education (i.e., GPA will be consistent with a statewide average contribution of 53.86% instead of the 55% overall state share).

On November 4, 2008 the State Department of Education approved the formation of Regional School Unit 23 (“RSU 23”), effective July 1, 2009. The consolidated school district will consist of the Saco School Department plan, which currently provides K-12 education; the Old Orchard Beach School Department, which currently provides K-12 education; and the Dayton School Department, which currently provides K-8 education.

**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2008**

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**MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system; water purification and distribution system; sewer collection and treatment system; park and recreation lands and improvement system; storm water conveyance system; and building site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curbing, sidewalks, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its infrastructure assets. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amount to maintain and preserve at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed assessment level.

In 2000 (fiscal year 2001), the City commissioned a physical condition assessment of the streets which was completed and dated February, 2001. The City completed its second condition assessment in 2003 (fiscal year 2004) and its third in 2006 (fiscal year 2007). These streets, primarily concrete, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of right of way. This condition assessment will be performed every three years. Each street was assigned a physical condition based on 17 potential defects. A pavement condition index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street. The following conditions were defined and associated to a rating within our asset management system:

<u>Condition</u>	<u>Rating</u>	<u>Asset Management System Rating</u>
Good	100-80	1
Fair	79-65	2
Poor	64-50	3
Substandard	49-0	4

The City Policy is to achieve a minimum rating of 70 for all streets, which is a 2 rating. This rating allows minor cracking and raveling of the pavement along with minor roughness that could be noticeable to drivers traveling at the posted speeds. As of June 30, 2003, June 30, 2002 and June 30, 2001, the City's street system was rated at a PCI index of 72 on the average. As of June 30, 2006, June 30, 2005 and June 30, 2004, the City's street system was rated at a PCI index of 89 on the average. As of June 30, 2007, the city's street system was rated at a PCI index of 90 on the average. The detail of the condition assessments are as follows:



**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2008**

**MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued**

<u>Condition</u>	<u>FY 2001-2003 % of Streets</u>	<u>FY 2004-2006 % of Streets</u>	<u>FY 2007 % of Streets</u>	<u>Asset Management System Rating</u>
Excellent to Good	35%	85%	89%	1
Fair	26%	13%	10%	2
Poor to Substandard	39%	2%	1%	3 and 4

As of June 30, 2003, June 30, 2002 and June 30, 2001, the City had some of its streets rated below the established 2 rating. Based on the original condition assessment performed, the City required several years to rehabilitate these segments of the streets and has done so within the 4 years through June 30, 2007. As is reflected with the June 30, 2006, 2005 and 2004 condition assessment performed and again with the 2007 condition assessment performed, a very immaterial percentage of streets now fall below the established policy level rating of a 2.

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$229,998 and \$604,896 respectively on street maintenance for the fiscal years ended June 30, 2008 and 2007. These expenditures delayed deterioration, and the overall condition of the streets was definitely improved through these maintenance expenditures. The City had estimated at the beginning of the condition assessment period that the amount of annual expenditures required to maintain the City's streets at the minimum PCI rating of 70 through the year 2007 was a minimum of \$1,547,000. This would have meant approximately \$500,000 per year. For the year ended June 30, 2007, the City expended just above this level.

The City also has an on-going street rehabilitation program, funded in the Capital Improvement Program that is intended to improve the condition rating of City streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Asset Management System. As of June 30, 2001, 39 percent of the City's streets were rated below the acceptable standard of 70. Total deficiencies identified in the Pavement Management System (PMS) amounted to approximately \$1,961,000 on street segments rated below the PCI of 70. In the fiscal year 2002 and 2003 budget, the city allocated another \$500,000 for these capital improvement type projects. The city was therefore in alignment to meet this necessary PCI rating and in fact did with a fiscal year 2004 assessment concluding that only a mere 2 percent of the City's streets were rated below the acceptable standard of 70. The next condition assessment performed in fiscal year 2007 lowered this percentage even more to a mere 1%. The next condition assessment will not be performed until fiscal year 2010.

As of June 30, 2008, the City had 13,073,246 square feet of streets with a carrying amount of approximately \$8,578,587 and an estimated replacement cost of approximately \$42,963,174.

In 2001 the City subcontracted with an independent engineering firm to inventory and perform a condition assessment on all other city infrastructure assets. These condition assessments were then reviewed and updated again in fiscal year 2004 and 2007. These other infrastructure assets, sewer pipe, catch basins and manholes, storm drainage, sidewalks, traffic lights and signage, were then combined with the streets on the City's Asset Management System. Per the rating system noted above, each infrastructure asset was assigned a condition assessment based on a visual inspection conducted on each asset.

**CITY OF SACO, MAINE**  
**Required Supplementary Information**  
**June 30, 2008**

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**MODIFIED APPROACH FOR CITY INFRASTRUCTURE CAPITAL ASSETS, Continued**

The City Policy is to achieve a minimum rating of 2 for all other infrastructure assets, which is consistent with that for the streets. From June 30, 2001 through June 30, 2007, the City's other infrastructure assets had established condition assessment levels as follows:

<u>Condition</u> <u>Average</u>	FY 2001-2003 <u>% of Other</u> <u>Infrastructure</u>	FY 2004-2006 <u>% of Other</u> <u>Infrastructure</u>	FY 2007 <u>% of Other</u> <u>Infrastructure</u>	Management System <u>Rating</u>
Excellent to Good	68%	69.3%	80%	1
Fair	25%	25%	12%	2
Poor to Substandard	7%	5.7%	8%	3 and 4

As of June 30, 2001 through June 30, 2003, the City had only 7% of its other infrastructure assets rated below the established 2 rating. The City required several years to rehabilitate these segments of infrastructure. As is reflected with the June 30, 2006, 2005 and 2004 condition assessment performed, an even lower immaterial percentage of other infrastructure assets are now below the established policy level rating of a 2. As of June 30, 2007 a slightly larger percentage has fallen to poor to substandard even though a larger percentage are rated as excellent to good. Those segments that have fallen are mostly sidewalks and traffic signals.

The City is continuously taking actions to arrest the deterioration of other infrastructure assets through short-term maintenance activities. The City expended \$63,641 and \$404,468 respectively on other infrastructure maintenance for the fiscal years ended June 30, 2008 and 2007. These expenditures delayed deterioration and improved the overall condition through these maintenance expenditures. The City had estimated that the amount of annual expenditures required to maintain the City's infrastructure at the minimum rating of 2 through the year 2007 was at a minimum of \$1,576,444, or approximately \$500,000 per year. The fiscal year 2007 actual expenditures were just below this required level. The next condition assessment will not be performed until fiscal year 2010.

As of June 30, 2008, the City had approximately 318,523 feet of sewer pipe with a carrying amount of \$14,918,272 and an estimated replacement cost of \$32,080,875; 3,088 catch basins and manholes with a carrying amount of \$2,294,508 and an estimated replacement cost of \$6,450,689; 266,639 feet of storm drainage with a carrying amount of \$17,839,038 and a replacement cost of \$27,127,105; 711,650 square feet of sidewalks with a carrying amount of \$1,578,296 and a replacement cost of \$2,445,932; 14 traffic signals with a carrying amount of \$795,155 and a replacement cost of \$1,260,000; and 991 street signs with a carrying amount of \$44,818 and a replacement cost of \$69,370.

## **GENERAL FUND**

The general fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. From the fund are paid the general operating expenses, the fixed charges and the capital improvement costs which are not paid through other funds.

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**CITY OF SACO, MAINE**  
**Balance Sheet - General Fund**  
**June 30, 2008**

	2008
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 2,681,798
Investments	1,309,468
Accounts Receivable	496,704
Taxes Receivable:	
Current Year	852,088
Prior Year	66,195
Tax Liens	190,983
Prepaid Items	572,792
Interfund Receivable	7,186,617
Tax Acquired Property	58,359
<b>Total assets</b>	<b>\$ 13,415,004</b>
<b>LIABILITIES AND FUND BALANCE</b>	
Liabilities:	
Accounts Payable	\$ 1,758,428
Accrued Liabilities	1,515,991
Taxes Collected in Advance	28,665
Interfund Payable	1,353,460
Deferred Tax Revenue	788,695
<b>Total liabilities</b>	<b>5,445,239</b>
Fund Balance:	
Reserved for Encumbrances	109,361
Reserved for Prepaid Items	572,792
Reserved for Capital Improvement Projects	3,481,440
Unreserved:	
Designated - Subsequent years budget	763,528
Undesignated	3,042,644
<b>Total fund balance</b>	<b>7,969,765</b>
<b>Total liabilities and fund balance</b>	<b>\$ 13,415,004</b>

**CITY OF SACO, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For The Year Ended June 30, 2008**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES:</b>			
Taxes:			
Real and Personal Property	\$ 26,228,759	\$ 26,612,796	\$ 384,037
Change in Deferred Property Revenues	-	(298,891)	(298,891)
Excise Taxes	3,104,000	2,854,280	(249,720)
Interest and Lien Costs on Taxes	97,000	89,857	(7,143)
Total taxes	29,429,759	29,258,042	(171,717)
Licenses and Permits:			
City Clerk Fees	75,000	84,836	9,836
Building Permits	323,800	337,820	14,020
Cable Television Franchise	228,000	231,112	3,112
Plumbing Permits	28,500	20,227	(8,273)
Electrical Inspection Fees	30,100	6,194	(23,906)
Snowmobile Registrations	2,500	2,866	366
Canine Licenses and Late Fees	7,200	6,709	(491)
Victualers' License	8,000	8,230	230
Total licenses and permits	703,100	697,994	(5,106)
Intergovernmental:			
State Assistance:			
Education	9,665,251	9,665,251	-
Adult Education	37,230	37,500	270
Medicaid Income (Net)	400,000	414,114	14,114
State Agency Clients	90,000	29,011	(60,989)
Revenue Sharing	1,450,000	1,510,442	60,442
Local Road Assistance	249,088	262,677	13,589
Welfare Reimbursement	26,000	23,980	(2,020)
Homestead Exemptions	319,727	337,229	17,502
Other State Aid	48,094	34,497	(13,597)
Town of Scarborough - Recycling reimbursement	20,000	23,405	3,405
Goodwins Mills - Rescue reimbursement	15,000	15,000	-
Tuition and Other Charges for Services - Education	767,944	788,999	21,055
Total intergovernmental	13,088,334	13,142,105	53,771
Charges for Services:			
Police	42,000	29,915	(12,085)
Community Policing-Thornton Academy/Saco Middle	84,000	44,958	(39,042)
School Tech Reimbursement	7,000	-	(7,000)
Public Works	201,000	186,504	(14,496)
Tipping Fees	-	29,606	29,606
Transfer Station Fees	40,000	39,866	(134)
Sewer Inspection Fees	4,000	4,100	100
Flow Control Ordinance	4,500	3,350	(1,150)
Recreation Department	345,000	409,398	64,398
False Alarm Fines	20,000	17,850	(2,150)
Miscellaneous Fees	50,000	9,783	(40,217)
Total charges for services	797,500	775,330	(22,170)
Other Revenues:			
Interest Earnings	150,000	170,633	20,633
Sale of City Assets	30,000	12,143	(17,857)
Building Rentals	60,000	67,899	7,899
Insurance Claims and Refund	232,958	12,249	(220,709)
Planning/Zoning Board and Engineering Studies	52,300	(135)	(52,435)
Recycled Waste and Fees	35,000	21,470	(13,530)
Unclassified	26,150	50,086	23,936
Total other revenues	586,408	334,345	(252,063)
<b>TOTAL REVENUES</b>	<b>44,605,101</b>	<b>44,207,816</b>	<b>(397,285)</b>

CITY OF SACO, MAINE  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual - Budgetary Basis  
General Fund  
For The Year Ended June 30, 2008

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES:</b>			
General Government:			
Legislative	\$ 20,600	\$ 17,086	\$ 3,514
City Administration	222,918	237,494	(14,576)
Finance/Technology	797,420	706,351	91,069
City Clerk/Voter Registration/Welfare Assistance	206,873	194,091	12,782
Assessor	184,479	165,581	18,898
City Building Maintenance	99,895	109,624	(9,729)
Legal Services	235,000	179,119	55,881
Building Inspector	241,833	233,969	7,864
Planning	294,892	324,304	(29,412)
Total general government	2,303,910	2,167,619	136,291
Public Safety:			
Police/Central Dispatch	3,078,797	2,978,010	100,787
Fire/Ambulance/Public Water	2,196,529	2,103,784	92,745
Total public safety	5,275,326	5,081,794	193,532
Public Works:			
Administration/Maintenance	4,184,206	4,371,335	(187,129)
Total public works	4,184,206	4,371,335	(187,129)
Culture and Recreation:			
Parks & Recreation	894,988	879,544	15,444
Total culture and recreation	894,988	879,544	15,444
Education (Excluding Debt Service and Nutrition):			
Regular Education - K-12	25,532,520	24,948,396	584,124
Adult Education	140,910	149,180	(8,270)
Total education	25,673,430	25,097,576	575,854
County Tax	941,096	958,270	(17,174)
Unclassified:			
Employee Benefits	2,265,316	2,024,197	241,119
Insurance	231,067	229,968	1,099
Public Agencies	555,900	517,504	38,396
Overlay	400,000	-	400,000
Contingency	67,000	82,014	(15,014)
Total unclassified	3,519,283	2,853,683	665,600
Debt Service:			
School Department:			
Principal	650,979	650,979	-
Interest	267,623	267,622	1
City:			
Principal	746,066	746,066	-
Interest	221,807	331,565	(109,758)
Capital Leases and Agent Fees	399,660	394,805	4,855
Total debt service	2,286,135	2,391,037	(104,902)



**CITY OF SACO, MAINE**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual - Budgetary Basis**  
**General Fund**  
**For The Year Ended June 30, 2008**

	Budget	Actual	Variance Positive (Negative)
<b>EXPENDITURES (Continued):</b>			
Capital Projects:			
Sidewalk improvement	\$ 225,338	\$ (17,714)	\$ 243,052
Street overlay/Road reconstruction	515,887	222,998	292,889
Traffic light preemption	17,589	19,335	(1,746)
Storm drainage projects	163,219	63,346	99,873
Simpson Road bridge	-	11,456	(11,456)
Microfilming	3,406	3,406	-
Assessing appraisal conversion	71,279	24,805	46,474
City signage	7,632	-	7,632
Industrial park rail road	36,666	-	36,666
Camp Ellis capital	26,356	1,400	24,956
MDOT Grant Match	-	1,147	(1,147)
Athletic fields at landfill	23,103	359	22,744
City Hall wide area network	94	94	-
Ford Ambulance	130,000	118,190	11,810
Public works loader	35,000	-	35,000
Laserfiche 2&3	-	21,971	(21,971)
Amtrak Station	-	295	(295)
Main & Beach No Signal	-	(96,904)	96,904
City Hall roof repairs	10,000	-	10,000
Shadagee Road Reconstruction	-	18,887	(18,887)
Conservation Projects	157,079	188,839	(31,760)
Route One Sewer Project	-	157,537	(157,537)
EPA audit	26,596	23,302	3,294
Stackpole Creek Bridge	610,443	-	610,443
Ambulance Equipment	25,000	20,686	4,314
Tri-Community Camera	-	(13,418)	13,418
Infrastructure bond projects	-	3,003,943	(3,003,943)
Total Capital Projects	2,084,687	3,773,960	(1,689,273)
<b>TOTAL EXPENDITURES</b>	<b>47,163,061</b>	<b>47,574,818</b>	<b>(411,757)</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER)</b>			
<b>EXPENDITURES</b>	<b>(2,557,960)</b>	<b>(3,367,002)</b>	<b>(809,042)</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Budgeted Utilization of Surplus-City	482,042	-	(482,042)
Budgeted Utilization of Surplus-School	429,634	-	(429,634)
Carryover of Designated Fund Balance	1,758,719	-	(1,758,719)
Bond proceeds	-	4,355,000	4,355,000
Transfers From:			
Capital Projects Fund	25,000	271,061	246,061
Special Revenue Fund	451,000	801,000	350,000
Total other financing sources	3,146,395	5,427,061	2,280,666
Transfers to:			
Special Revenue Fund	(26,827)	(34,827)	(8,000)
Capital Projects Fund	(561,608)	(591,265)	(29,657)
Total other financing (uses)	(588,435)	(626,092)	(37,657)
<b>NET CHANGE IN FUND BALANCE</b>			
<b>Budgetary Basis</b>	<b>\$ -</b>	<b>\$ 1,433,967</b>	<b>\$ 1,433,967</b>
To adjust to Modified Accrual Basis-			
Less- teachers summer salary accrual		\$ (85,731)	
<b>NET CHANGE IN FUND BALANCE-</b>			
<b>Modified Accrual Basis</b>		<b>\$ 1,348,236</b>	

**CITY OF SACO, MAINE**  
**Statement of Changes In Fund Balance - General Fund**  
**For The Year Ended June 30, 2008**

	<u>Reserved</u>			<u>Unreserved</u>		<u>Total</u>
	<u>Encumbrances</u>	<u>Prepaid Items</u>	<u>Reserved for Subsequent Years' Expenditures</u>	<u>Designated to Subsequent Years' Budget</u>	<u>Undesignated</u>	
Fund balance - beginning of year	\$ 94,700	\$ 574,292	\$ 1,657,932	\$ 429,634	\$ 3,864,971	\$ 6,621,529
Net change in fund balance	14,661	(1,500)	1,823,508	333,894	(822,327)	1,348,236
<b>Fund balance - end of year</b>	<b>\$ 109,361</b>	<b>\$ 572,792</b>	<b>\$ 3,481,440</b>	<b>\$ 763,528</b>	<b>\$ 3,042,644</b>	<b>\$ 7,969,765</b>

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**ALL OTHER GOVERNMENTAL FUNDS**

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**CITY OF SACO, MAINE**  
**Combining Balance Sheet - All Other Non-Major Governmental Funds**  
**June 30, 2008**

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 843,061	\$ -	\$ 34,504	\$ 877,565
Investments	57,764	1,502,674	529,918	2,090,356
Accounts Receivable (net)	1,042,142	-	700	1,042,842
Prepaid Items	2,103	-	-	2,103
Inventories and Other	39,881	-	-	39,881
Notes Receivable	14,287	-	-	14,287
Interfund Receivables	664,344	689,117	-	1,353,461
<b>Total assets</b>	<b>2,663,582</b>	<b>2,191,791</b>	<b>565,122</b>	<b>5,420,495</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts Payable	196,693	2,842	-	199,535
Accrued Wages	42,282	-	-	42,282
Interfund Payables	945,778	584,421	-	1,530,199
<b>Total liabilities</b>	<b>1,184,753</b>	<b>587,263</b>	<b>-</b>	<b>1,772,016</b>
Fund Balances:				
Reserved for:				
Nonexpendable trust fund	-	-	181,383	181,383
Inventory	1,570	-	-	1,570
Other purposes	220,016	-	-	220,016
Unreserved:				
Undesignated	1,257,243	1,604,528	383,739	3,245,510
<b>Total fund balances</b>	<b>1,478,829</b>	<b>1,604,528</b>	<b>565,122</b>	<b>3,648,479</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,663,582</b>	<b>\$ 2,191,791</b>	<b>\$ 565,122</b>	<b>\$ 5,420,495</b>

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**All Other Non-Major Governmental Funds**  
**For The Year Ended June 30, 2008**

	Special Revenue Funds	Capital Project Funds	Permanent Funds	Total Other Governmental Funds
<b>REVENUES</b>				
Intergovernmental	\$ 1,802,344	\$ -	\$ -	\$ 1,802,344
Charges for services	699,694	-	-	699,694
Interest Income	18,947	51,394	31,024	101,365
Other Revenues	443,881	-	(163,697)	280,184
Total revenues	2,964,866	51,394	(132,673)	2,883,587
<b>EXPENDITURES</b>				
Current:				
Special Projects	66,396	-	400	66,796
Education	1,954,612	-	-	1,954,612
Housing Programs	256,359	-	-	256,359
Capital Expenditures	796,698	161,701	-	958,399
Total expenditures	3,074,065	161,701	400	3,236,166
Excess (deficiency) of revenues over (under) expenditures	(109,199)	(110,307)	(133,073)	(352,579)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>				
Transfer (to) from General Fund	(766,173)	(67,868)	-	(834,041)
Total other financing sources (uses)	(766,173)	(67,868)	-	(834,041)
Net change in fund balances	(875,372)	(178,175)	(133,073)	(1,186,620)
Fund balances - beginning of year	2,354,201	1,782,703	698,195	4,835,099
Fund balances - end of year	\$ 1,478,829	\$ 1,604,528	\$ 565,122	\$ 3,648,479



## **SPECIAL REVENUE FUNDS**

Special revenue funds are established to account for resources obtained and expended for specified purposes that are restricted by law or administrative action. Special revenue funds are established for the following purposes:

### ***Recreation Impact Fees***

To account for the impact fees collected for open space and other purposes from new residential construction within the city.

### ***Call Firemen Retirement***

To account for funds budgeted and accumulated for the retirement program for the call firemen of the City of Saco.

### ***Ambulance***

To account for funds received from ambulance billing used for the maintenance, replacement, and other ambulance related items.

### ***Economic Development Fund***

The monies in this fund are generated by repayments to the City from Urban Development Action Grant and Development Fund loans to local businesses, and the sale of Saco Industrial Park lots. These monies are used to support, improve, and expand the City's Industrial Park and to make revolving loans to businesses within the applicable guidelines.

### ***Saco Housing Agency***

To account for funds provided by the Department of Housing and Urban Development under the Section 8 housing assistance payments for low-income families.

### ***School Categorical Grants***

To account for various federal and state grants for special programs administered by the School Department.

### ***School Lunch Program***

This fund accounts for the operation of the school nutrition program at the various schools.

### ***Saco Skate Park***

To account for local contributions received for constructing a skate park in Saco.

### ***Wellness Grant***

To account for funds received under a Maine Municipal Association Grant.

### ***Planning Board Improvements***

To account for contributions by developers for improvement to City infrastructure.

## **SPECIAL REVENUE FUNDS, CONTINUED**

### ***Fire Reserves***

To account for donations received by the Fire Department for specific restricted purposes.

### ***Jump Start Grant***

To account for grant funds received.

### ***Police Arrest Forfeiture Fund***

To account for funds derived from direct arrests and/or joint investigation activities, some of which lead to the forfeiture of cash or property to the City.

### ***Joe Riley Memorial Park***

To account for local contributions received for the purpose of creating a memorial park for Joe Riley.

### ***Emergency Management***

To account for donations received for specific purposes for the city's emergency management initiatives.

### ***Aspire Grant***

To account for aspire grant funds received and expended.

### ***Camp Ellis***

To account for funds derived from parking, boat landing fees and boat mooring/pier use permits at Camp Ellis Pier. These funds are expended for parking lot attendants and repairs and improvements to the Pier.

### ***Front Street Park***

To account for local and federal (Waterfront Action Grant) funds received for the construction of a riverside park on Front Street. Local funds are provided by a combination of general fund revenues and donations.

### ***Lucia Kimball Deering Trust***

To account for expendable trust fund monies.

**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-Major Special Revenues Funds**  
**June 30, 2008**

	Recreation Impact Fees	Call Firemen Retirement	Ambulance	Economic Development Fund	Saco Housing Agency	School Categorical Grants	School Lunch Program
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ 83,382	\$ 121	\$ 39,778	\$ 119,532	\$ 208,315
Investments	-	-	42,764	-	-	-	-
Accounts Receivable (net allowance of \$100,000)	-	-	94,296	-	4,767	38,082	44,597
Prepaid Items	-	-	-	-	-	2,103	-
Inventories and Other	-	-	-	-	-	-	1,570
Notes Receivable (net allowance of \$7,142)	-	-	-	14,287	-	-	-
Interfund Receivables	-	35,778	-	142,656	-	179,353	18,921
<b>Total assets</b>	<b>-</b>	<b>35,778</b>	<b>220,442</b>	<b>157,064</b>	<b>44,545</b>	<b>339,070</b>	<b>273,403</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts Payable	149,255	-	2,378	-	110	33,743	8,051
Accrued Wages	-	-	-	-	-	36,514	2,797
Interfund Payables	345,425	-	338,429	-	-	48,797	212,275
<b>Total liabilities</b>	<b>494,680</b>	<b>-</b>	<b>340,807</b>	<b>-</b>	<b>110</b>	<b>119,054</b>	<b>223,123</b>
<b>Fund Balances (Deficits):</b>							
Reserved for:							
Inventory	-	-	-	-	-	-	1,570
Other purposes	-	-	-	-	-	220,016	-
Unreserved:							
Undesignated	(494,680)	35,778	(120,365)	157,064	44,435	-	48,710
<b>Total fund balances (deficits)</b>	<b>(494,680)</b>	<b>35,778</b>	<b>(120,365)</b>	<b>157,064</b>	<b>44,435</b>	<b>220,016</b>	<b>50,280</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ 35,778</b>	<b>\$ 220,442</b>	<b>\$ 157,064</b>	<b>\$ 44,545</b>	<b>\$ 339,070</b>	<b>\$ 273,403</b>

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-Major Special Revenues Funds**  
**June 30, 2008**

	Saco Skate Park	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
<b>ASSETS</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	-	\$ 1,331	\$ 1,785
Investments	-	-	-	-	-	-	-
Accounts Receivable (net allowance of \$100,000)	-	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-	-
Inventories and Other	-	-	-	-	-	-	-
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	-	-
Interfund Receivables	1,422	9,230	59,090	1,777	1,535	38,188	-
<b>Total assets</b>	<b>1,422</b>	<b>9,230</b>	<b>59,090</b>	<b>1,777</b>	<b>1,535</b>	<b>39,519</b>	<b>1,785</b>
<b>LIABILITIES AND FUND BALANCES:</b>							
<b>Liabilities:</b>							
Accounts Payable	-	467	-	-	-	-	-
Accrued Wages	-	-	-	-	-	-	-
Interfund Payables	-	-	-	-	-	-	852
<b>Total liabilities</b>	<b>-</b>	<b>467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>852</b>
<b>Fund Balances (Deficits):</b>							
Reserved for:							
Inventory	-	-	-	-	-	-	-
Other purposes	-	-	-	-	-	-	-
Unreserved:							
Undesignated	1,422	8,763	59,090	1,777	1,535	39,519	933
<b>Total fund balances (deficits)</b>	<b>1,422</b>	<b>8,763</b>	<b>59,090</b>	<b>1,777</b>	<b>1,535</b>	<b>39,519</b>	<b>933</b>
<b>Total liabilities and fund balances</b>	<b>\$ 1,422</b>	<b>\$ 9,230</b>	<b>\$ 59,090</b>	<b>\$ 1,777</b>	<b>\$ 1,535</b>	<b>\$ 39,519</b>	<b>\$ 1,785</b>

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Balance Sheet - Non-Major Special Revenues Funds**  
**June 30, 2008**

	Emergency Management	Aspire Grant	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Totals 2008
<b>ASSETS</b>						
Cash and Cash Equivalents	\$ -	\$ -	400	\$ -	\$ 388,417	\$ 843,061
Investments	-	-	-	-	15,000	57,764
Accounts Receivable (net allowance of \$100,000)	-	-	-	-	860,400	1,042,142
Prepaid Items	-	-	-	-	-	2,103
Inventories and Other	-	-	-	-	38,311	39,881
Notes Receivable (net allowance of \$7,142)	-	-	-	-	-	14,287
Interfund Receivables	2,745	1,087	172,403	159	-	664,344
<b>Total assets</b>	<b>2,745</b>	<b>1,087</b>	<b>172,803</b>	<b>159</b>	<b>1,302,128</b>	<b>2,663,582</b>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts Payable	-	-	2,689	-	-	196,693
Accrued Wages	-	-	2,971	-	-	42,282
Interfund Payables	-	-	-	-	-	945,778
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>5,660</b>	<b>-</b>	<b>-</b>	<b>1,184,753</b>
<b>Fund Balances (Deficits):</b>						
Reserved for:						
Inventory	-	-	-	-	-	1,570
Other purposes	-	-	-	-	-	220,016
Unreserved:						
Undesignated	2,745	1,087	167,143	159	1,302,128	1,257,243
<b>Total fund balances (deficits)</b>	<b>2,745</b>	<b>1,087</b>	<b>167,143</b>	<b>159</b>	<b>1,302,128</b>	<b>1,478,829</b>
<b>Total liabilities and fund balances</b>	<b>\$ 2,745</b>	<b>\$ 1,087</b>	<b>\$ 172,803</b>	<b>\$ 159</b>	<b>\$ 1,302,128</b>	<b>\$ 2,663,582</b>

**CITY OF SACO, MAINE**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Non-Major Special Revenue Funds**  
**For The Year Ended June 30, 2008**

	Recreation Impact Fees	Call Firemen Retirement	Ambulance	Economic Development Fund	Saco Housing Agency	School Categorical Grants	School Lunch Program
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ 286,064	\$ 1,194,864	\$ 291,405
Charges for Services	59,518	-	462,027	114,131	-	-	-
Interest Income	-	1,697	842	2	-	-	-
Other Revenue	-	-	-	-	-	50,607	365,944
Total revenues	59,518	1,697	462,869	114,133	286,064	1,245,471	657,349
<b>EXPENDITURES</b>							
Current:							
Special Projects	-	-	-	-	-	-	-
Education	-	-	-	-	-	1,334,193	620,419
Housing Programs	-	-	-	-	256,359	-	-
Capital Expenditures	786,166	-	9,222	-	-	-	-
Total expenditures	786,166	-	9,222	-	256,359	1,334,193	620,419
Excess (deficiency) of revenues over (under) expenditures	(726,648)	1,697	453,647	114,133	29,705	(88,722)	36,930
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>							
Transfer (to) from General Fund	-	8,000	(430,000)	(370,000)	-	-	26,827
Total other financing sources (uses)	-	8,000	(430,000)	(370,000)	-	-	26,827
Net change in fund balances	(726,648)	9,697	23,647	(255,867)	29,705	(88,722)	63,757
Fund balances (deficits) - beginning of year	231,968	26,081	(144,012)	412,931	14,730	308,738	(13,477)
<b>Fund balances (deficits) - end of year</b>	<b>\$ (494,680)</b>	<b>\$ 35,778</b>	<b>\$ (120,365)</b>	<b>\$ 157,064</b>	<b>\$ 44,435</b>	<b>\$ 220,016</b>	<b>\$ 50,280</b>

Continued on following page.



**CITY OF SACO, MAINE**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Non-Major Special Revenue Funds**  
**For The Year Ended June 30, 2008**

	Saco Skate Park	Wellness Grant	Planning Board Improvements	Fire Reserves	Jump Start Grant	Police Arrest Forfeiture Fund	Joe Riley Memorial Park
<b>REVENUES</b>							
Intergovernmental	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,889	\$ -
Charges for Services	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	4
Other Revenue	-	1,110	26,000	220	-	-	-
Total revenues	-	1,110	26,000	220	-	26,889	4
<b>EXPENDITURES</b>							
Current:							
Special Projects	-	2,463	-	-	-	-	-
Education	-	-	-	-	-	-	-
Housing Programs	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	-	1,310	-
Total expenditures	-	2,463	-	-	-	1,310	-
Excess (deficiency) of revenues over (under) expenditures	-	(1,353)	26,000	220	-	25,579	4
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>							
Transfer (to) from General Fund	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Net change in fund balances	-	(1,353)	26,000	220	-	25,579	4
Fund balances (deficits) - beginning of year	1,422	10,116	33,090	1,557	1,535	13,940	929
<b>Fund balances (deficits) - end of year</b>	<b>\$ 1,422</b>	<b>\$ 8,763</b>	<b>\$ 59,090</b>	<b>\$ 1,777</b>	<b>\$ 1,535</b>	<b>\$ 39,519</b>	<b>\$ 933</b>

Continued on following page.

**CITY OF SACO, MAINE**  
**Combining Statements of Revenues, Expenditures and Changes in Fund Balances (Deficit) - Non-Major Special Revenue Funds**  
**For The Year Ended June 30, 2008**

	Emergency Management	Aspire Grant	Camp Ellis	Front Street Park	Lucia Kimball Deering Trust	Totals 2008
<b>REVENUES</b>						
Intergovernmental	\$ 3,122	\$ -	\$ -	\$ -	\$ -	\$ 1,802,344
Charges for Services	-	-	64,018	-	-	699,694
Interest Income	-	-	-	-	16,402	18,947
Other Revenue	-	-	-	-	-	443,881
Total revenues	3,122	-	64,018	-	16,402	2,964,866
<b>EXPENDITURES</b>						
Current:						
Special Projects	1,038	-	48,049	-	14,846	66,396
Education	-	-	-	-	-	1,954,612
Housing Programs	-	-	-	-	-	256,359
Capital Expenditures	-	-	-	-	-	796,698
Total expenditures	1,038	-	48,049	-	14,846	3,074,065
Excess (deficiency) of revenues over (under) expenditures	2,084	-	15,969	-	1,556	(109,199)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS:</b>						
Transfer (to) from General Fund	-	-	(1,000)	-	-	(766,173)
Total other financing sources (uses)	-	-	(1,000)	-	-	(766,173)
Net change in fund balances	2,084	-	14,969	-	1,556	(875,372)
Fund balances (deficits) - beginning of year	661	1,087	152,174	159	1,300,572	2,354,201
<b>Fund balances (deficits) - end of year</b>	<b>\$ 2,745</b>	<b>\$ 1,087</b>	<b>\$ 167,143</b>	<b>\$ 159</b>	<b>\$ 1,302,128</b>	<b>\$ 1,478,829</b>

## **CAPITAL PROJECTS FUND**

Capital projects fund are established to account for resources obtained and expended for the acquisition of major capital facilities. The City's individual capital project funds were established for the following purposes:

### ***Spring Hill TIF Project***

To account for public improvements to the Spring Hill Industrial Park, in conjunction with a private development project. A Tax Increment Finance District has been established to finance the public improvements.

### ***First Light TIF District***

To account for public improvements to the First Light Company, in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

### ***Transparent Audio TIF District***

To account for public improvements to the Transparent Audio Co. in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

### ***Saco Plaza TIF District***

To account for public improvements to the Saco Plaza LLC in conjunction with a private development project. A tax increment finance district has been established to finance the public improvements.

### ***Greater Downtown Improvements***

To account for public improvements in the greater downtown area as identified in the Revitalization Plan for Saco Island and Downtown Saco.

### ***Park North TIF Project***

To account for public improvements to the Park North Development, LLC in conjunction with a private development project. A Tax increment finance district has been established to finance the public improvements.

### ***Industrial Park Road TIF***

To account for public improvements to a portion of North Street and a portion of Industrial Park Road.

### ***Open Space Bond Issue***

To account for the bond proceeds received and the expenditures of the authorized open space parcels of land.

### ***Landfill Fund***

To account for the post closure costs of the city's completed landfill.

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CITY OF SACO, MAINE  
Combining Balance Sheet - Non-Major Capital Projects Funds  
June 30, 2008

	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Saco Plaza TIF Project	Greater Downtown Improvements
<b>ASSETS</b>					
Investments	\$ -	\$ 48,277	\$ 11,126	\$ 803	\$ -
Interfund Receivables	379,602	91,062	667	-	-
<b>Total assets</b>	<b>379,602</b>	<b>139,339</b>	<b>11,793</b>	<b>803</b>	<b>-</b>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts Payable	-	-	-	-	-
Interfund Payables	-	-	-	-	52
<b>Total liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>52</b>
Fund Balances (Deficit)					
Unreserved:					
Undesignated	379,602	139,339	11,793	803	(52)
<b>Total fund balances (deficits)</b>	<b>379,602</b>	<b>139,339</b>	<b>11,793</b>	<b>803</b>	<b>(52)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 379,602</b>	<b>\$ 139,339</b>	<b>\$ 11,793</b>	<b>\$ 803</b>	<b>\$ -</b>

Continued on following page.

CITY OF SACO, MAINE  
Combining Balance Sheet - Non-Major Capital Projects Funds  
June 30, 2008

	Park North TIF Project	Industrial Park TIF Project	Open Space Bond Issue	Landfill Fund	Totals 2008
<b>ASSETS</b>					
Investments	\$ -	\$ -	\$ -	\$ 1,442,468	\$ 1,502,674
Interfund Receivables	-	-	217,786	-	689,117
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>217,786</b>	<b>1,442,468</b>	<b>2,191,791</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts Payable	-	-	-	2,842	2,842
Interfund Payables	65,244	271,123	-	248,002	584,421
<b>Total liabilities</b>	<b>65,244</b>	<b>271,123</b>	<b>-</b>	<b>250,844</b>	<b>587,263</b>
<b>Fund Balances (Deficit)</b>					
Unreserved:					
Undesignated	(65,244)	(271,123)	217,786	1,191,624	1,604,528
<b>Total fund balances (deficits)</b>	<b>(65,244)</b>	<b>(271,123)</b>	<b>217,786</b>	<b>1,191,624</b>	<b>1,604,528</b>
<b>Total liabilities and fund balances</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 217,786</b>	<b>\$ 1,442,468</b>	<b>\$ 2,191,791</b>

**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Non-Major Capital Projects Fund**  
**For The Year Ended June 30, 2008**

	Spring Hill TIF Project	First Light TIF Project	Transparent Audio TIF Project	Saco Plaza TIF Project	Greater Downtown Improvements
<b>REVENUES</b>					
Interest Income	\$ -	\$ 854	\$ 197	\$ 13	\$ -
Other revenue	-	-	-	-	-
Total revenues	-	854	197	13	-
<b>EXPENDITURES</b>					
Project Costs	-	-	-	31,436	6,000
Total expenditures	-	-	-	31,436	6,000
Excess (deficiency) of revenues over (under) expenditures	-	854	197	(31,423)	(6,000)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>					
Transfer from (to) General Fund	133,541	35,827	2,389	31,436	-
Total other financing sources (uses)	133,541	35,827	2,389	31,436	-
Net change in fund balances	133,541	36,681	2,586	13	(6,000)
Fund balances (deficits) - beginning of year	246,061	102,658	9,207	790	5,948
<b>Fund balances (deficits) - end of year</b>	<b>\$ 379,602</b>	<b>\$ 139,339</b>	<b>\$ 11,793</b>	<b>\$ 803</b>	<b>\$ (52)</b>

Continued on following page.



**CITY OF SACO, MAINE**  
**Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Non-Major Capital Projects Fund**  
**For The Year Ended June 30, 2008**

	Park North TIF Project	Industrial Park TIF Project	Open Space Bond Issue	Landfill Fund	Totals 2008
<b>REVENUES</b>					
Interest Income	\$ -	\$ -	\$ -	\$ 50,330	\$ 51,394
Other revenue	-	-	-	-	-
Total revenues	-	-	-	50,330	51,394
<b>EXPENDITURES</b>					
Project Costs	64,944	62	-	59,259	161,701
Total expenditures	64,944	62	-	59,259	161,701
Excess (deficiency) of revenues over (under) expenditures	(64,944)	(62)	-	(8,929)	(110,307)
<b>OTHER FINANCING SOURCES (USES) OF FUNDS</b>					
Transfer from (to) General Fund	-	(271,061)	-	-	(67,868)
Total other financing sources (uses)	-	(271,061)	-	-	(67,868)
Net change in fund balances	(64,944)	(271,123)	-	(8,929)	(178,175)
Fund balances (deficits) - beginning of year	(300)	-	217,786	1,200,553	1,782,703
<b>Fund balances (deficits) - end of year</b>	<b>\$ (65,244)</b>	<b>\$ (271,123)</b>	<b>\$ 217,786</b>	<b>\$ 1,191,624</b>	<b>\$ 1,604,528</b>

## **PERMANENT FUNDS**

### ***City of Saco Permanent Fund***

To account for assets received by the City and held in trust.

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**CITY OF SACO, MAINE**  
**Balance Sheet - Non-Major Permanent Funds**  
**June 30, 2008**

	<b>City of Saco Permanent Funds</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 34,504
Investments	529,918
Accounts Receivable	700
<b>Total assets</b>	<b>565,122</b>
<b>LIABILITIES AND FUND BALANCES</b>	
Fund Balance:	
Principal	181,383
Unexpended Income	383,739
<b>Total fund balances</b>	<b>565,122</b>
<b>Total liabilities and fund balances</b>	<b>\$ 565,122</b>

**CITY OF SACO, MAINE**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-Major Permanent Funds**  
**For The Year Ended June 30, 2008**

	<b>City of Saco Permanent Funds</b>
<b>REVENUES</b>	
Interest and dividends	\$ 31,024
Net increase (decrease) in fair value of investments	(163,697)
Total revenues	(132,673)
<b>EXPENDITURES</b>	
Administrative expenditures	400
Total expenditures	400
Net change in fund balances	(133,073)
Fund balances - beginning of year	698,195
Fund balances - end of year	\$ 565,122

## **AGENCY FUNDS**

### ***Agency Funds***

To account for the activity in the Middle School Student Activity Funds.

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CITY OF SACO, MAINE  
Statement of Changes in Assets and Liabilities  
Agency Funds  
For The Year Ended June 30, 2008

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
<b>ASSETS</b>				
Cash and cash equivalents	\$ 125,194	125,148	119,188	131,154
<b>Total assets</b>	<b>\$ 125,194</b>	<b>125,148</b>	<b>119,188</b>	<b>131,154</b>
<b>LIABILITIES</b>				
Due to student groups	125,194	125,148	119,188	131,154
<b>Total liabilities</b>	<b>\$ 125,194</b>	<b>125,148</b>	<b>119,188</b>	<b>131,154</b>

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# ***STATISTICAL SECTION***

This part of the City of Saco's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosure says about the City's overall financial health.

<u><b>Contents</b></u>	<u><b>Pages</b></u>
Financial Trends	105-109
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	
Revenue Capacity	110-113
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	
Debt Capacity	114-117
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	
Demographic and Economic Information	118-122
These schedules offer demographic and economic indicators.	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

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Table 1

CITY OF SACO, MAINE  
Net Assets by Component  
Last Ten Fiscal Years (1)  
(accrual basis of accounting)

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
Governmental Activities								
Invested in capital assets, net of related debt	\$ 26,411,922	\$ 27,123,726	\$ 29,040,076	\$ 31,067,773	\$ 35,969,003	\$ 37,593,942	\$ 32,367,887	\$ 34,636,209
Restricted:								
Permanent fund principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,264	345,844	301,677	275,270	229,138	250,625	308,738	220,016
Unrestricted	10,961,645	11,973,689	9,879,061	8,871,170	4,658,456	6,061,556	8,303,871	7,752,280
Total governmental activities net assets	\$ 37,856,214	\$ 39,624,642	\$ 39,402,197	\$ 40,395,596	\$ 41,037,980	\$ 44,087,506	\$ 41,161,879	\$ 42,789,888
Business-type Activities								
Invested in capital assets, net of related debt	\$ 6,276,757	\$ 5,805,014	\$ 5,664,800	\$ 5,341,002	\$ 1,034,911	\$ 3,821,145	\$ 16,855,781	\$ 16,689,267
Unrestricted	3,277,674	3,462,433	3,280,868	3,615,269	7,628,663	5,071,893	1,298,491	1,512,925
Total business-type activities net assets	\$ 9,554,431	\$ 9,267,447	\$ 8,945,668	\$ 8,956,271	\$ 8,663,574	\$ 8,893,038	\$ 18,154,272	\$ 18,202,192
Total Primary Government								
Invested in capital assets, net of related debt	\$ 32,688,679	\$ 32,928,740	\$ 34,704,876	\$ 36,408,775	\$ 37,003,914	\$ 41,415,087	\$ 49,223,668	\$ 51,325,476
Restricted:								
Permanent fund principal	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Other purposes	301,264	345,844	301,677	275,270	229,138	250,625	308,738	220,016
Unrestricted	14,239,319	15,436,122	13,159,929	12,486,439	12,287,119	11,133,449	9,602,362	9,265,205
Total primary government net assets	\$ 47,410,645	\$ 48,892,089	\$ 48,347,865	\$ 49,351,867	\$ 49,701,554	\$ 52,980,544	\$ 59,316,151	\$ 60,992,080

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

Table 2

**CITY OF SACO, MAINE**  
**Change in Net Assets**  
**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>Governmental activities:</b>								
<b>Expenses</b>								
General Government	\$ 1,703,318	\$ 2,082,612	\$ 2,558,143	\$ 2,545,843	\$ 2,647,140	\$ 2,939,837	\$ 2,470,601	\$ 2,388,585
Public Safety	3,876,117	4,288,353	4,541,135	4,438,847	4,883,614	4,844,961	5,082,323	5,401,015
Public Works	3,068,339	3,097,678	3,393,351	3,591,566	4,586,385	3,709,977	4,588,755	4,369,642
Housing Programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352	256,359
Culture and Recreation	360,045	388,018	465,507	526,806	626,204	677,646	825,222	915,311
Education	20,202,081	20,317,080	21,685,656	23,982,205	25,195,306	26,993,528	28,072,031	29,015,189
Unclassified	3,097,765	3,569,709	3,155,801	2,794,827	3,363,144	3,102,707	4,124,321	3,878,749
Interest on Debt	660,783	1,153,235	1,610,299	587,724	680,893	756,399	845,217	993,992
Capital Maintenance Programs	3,354,453	1,847,476	2,219,090	1,452,387	1,894,297	2,040,616	1,192,173	788,291
Total governmental activities expenses	36,498,895	36,914,408	39,829,633	40,125,706	44,149,229	45,295,681	47,454,995	48,007,133
<b>Program Revenues</b>								
Charges for Services								
General Government	305,800	430,794	517,909	804,271	969,798	875,832	800,981	751,767
Public Safety	310,608	393,788	403,188	319,482	418,686	588,360	510,056	554,750
Public Works	469,526	521,732	572,310	563,154	489,365	555,752	510,405	281,546
Culture and Recreation	75,930	86,641	158,631	251,904	323,471	380,264	464,167	532,934
Education	743,257	783,005	639,776	791,341	909,182	1,262,613	1,138,301	1,205,550
Operating Grants and Contributions	9,417,682	9,479,506	9,811,267	10,716,936	10,920,455	13,249,627	14,082,391	13,769,031
Capital Grants and Contributions	2,629,081	2,584,728	1,271,272	1,027,926	1,437,216	334,586	961,626	300,820
Total governmental activities program revenues	13,951,884	14,280,194	13,374,353	14,475,014	15,468,173	17,247,034	18,467,927	17,396,398
Net (expense)/revenue, governmental activities	(22,547,011)	(22,634,214)	(26,455,280)	(25,650,692)	(28,681,056)	(28,048,647)	(28,987,068)	(30,610,735)
<b>General Revenues and Other Changes in Net Assets</b>								
Taxes								
Property taxes, levied for general purposes	17,674,814	19,225,731	20,483,851	21,340,211	23,444,228	23,280,894	24,632,416	26,612,796
Motor vehicle excise taxes	2,358,622	2,388,878	2,532,092	2,763,999	2,883,127	2,904,735	2,916,962	2,854,280
Franchise fees	69,006	85,434	151,339	167,212	185,477	215,806	234,343	231,112
Grants and contributions not restricted								
Homestead exemption	540,692	506,400	525,682	288,286	242,190	325,496	320,151	337,229
Other State aid	141,363	15,447	56,126	127,416	55,792	40,444	56,253	34,497
City of Biddeford tax base sharing	149,785	142,032	122,215	101,601	140,091	169,527	92,506	-
State revenue sharing	1,623,415	1,448,607	1,398,876	1,468,881	1,448,360	1,454,903	1,356,308	1,510,442
Unrestricted investment earnings	765,680	324,044	224,397	161,479	216,963	295,164	359,620	271,998
Miscellaneous revenues	14,798	61,069	532,913	42,563	47,179	20,705	153,223	386,390
Transfers	211,396	205,000	205,344	417,952	660,033	459,249	-	-
Total governmental activities general revenues/other changes	23,549,571	24,402,642	26,232,835	26,879,600	29,323,440	29,166,923	30,121,782	32,238,744
<b>Extraordinary Item</b>								
Legal settlement	-	-	-	-	-	-	1,071,989	-
Total extraordinary item	-	-	-	-	-	-	1,071,989	-
<b>Change in Net Assets - Governmental activities</b>	\$ 1,002,560	\$ 1,768,428	\$ (222,445)	\$ 1,228,908	\$ 642,384	\$ 1,118,276	\$ 2,206,703	\$ 1,628,009
<b>Business-type Activities:</b>								
<b>Expenses</b>								
Waste Water Treatment Plant	\$ 2,495,676	\$ 1,859,879	\$ 1,886,353	\$ 1,617,000	\$ 2,091,519	\$ 1,766,445	\$ 2,329,012	\$ 2,265,113
Total business-type activities expenses	2,495,676	1,859,879	1,886,353	1,617,000	2,091,519	1,766,445	2,329,012	2,265,113
<b>Program Revenues</b>								
Charges for services	1,684,581	1,726,984	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457
Capital grants and contributions	81,597	-	-	-	-	-	-	-
Total business-type activities program revenues	1,766,178	1,726,984	1,720,765	1,980,486	2,411,039	2,405,869	2,052,749	2,218,457
Net (expense)/revenue, business-type activities	(729,498)	(132,895)	(165,588)	363,486	319,520	639,424	(276,263)	(46,656)
<b>General Revenues and Other Changes in Net Assets</b>								
Unrestricted investment earnings	64,276	48,456	42,471	37,983	38,159	45,110	62,726	89,842
Miscellaneous revenues	9,420	2,455	6,682	27,086	9,657	4,179	4,302	4,734
Transfers	(211,396)	(205,000)	(205,344)	(417,952)	(660,033)	(459,249)	-	-
Total business-type activities general revenues/other changes	(137,700)	(154,089)	(156,191)	(352,883)	(612,217)	(409,960)	67,028	94,576
<b>Change in Net Assets - Business-type activities</b>	\$ (867,198)	\$ (286,984)	\$ (321,779)	\$ 10,603	\$ (292,697)	\$ 229,464	\$ (209,235)	\$ 47,920

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

**Table 3**

**CITY OF SACO, MAINE**  
**Governmental Activities Tax Revenues by Source**  
**Last Ten Fiscal Years (1)**  
**(accrual basis of accounting)**

<b>Fiscal Year ended</b>	<b>Property Taxes</b>	<b>Interest &amp; Costs on Taxes</b>	<b>Excise Taxes</b>	<b>Total</b>
June 30, 2001	\$ 17,674,815	\$ 125,858	\$ 2,232,764	\$ 20,033,437
June 30, 2002	\$ 19,225,731	\$ 126,487	\$ 2,388,878	\$ 21,741,096
June 30, 2003	\$ 20,483,851	\$ 101,285	\$ 2,532,092	\$ 23,117,228
June 30, 2004	\$ 21,340,211	\$ 134,534	\$ 2,763,999	\$ 24,238,744
June 30, 2005	\$ 23,444,228	\$ 133,830	\$ 2,883,127	\$ 26,461,185
June 30, 2006	\$ 23,198,593	\$ 92,790	\$ 2,904,735	\$ 26,196,118
June 30, 2007	\$ 24,632,416	\$ 109,425	\$ 2,916,962	\$ 27,658,803
June 30, 2008	\$ 26,612,796	\$ 89,857	\$ 2,854,280	\$ 29,556,933

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.



**CITY OF SACO, MAINE**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (1)**  
**(modified accrual basis of accounting)**

	Fiscal Year							
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Fund								
Reserved for:								
Encumbrances	\$ 226,954	\$ 83,332	\$ 78,483	\$ 152,407	\$ 144,980	\$ 272,118	\$ 94,700	\$ 109,361
Prepaid items	110,635	120,961	204,389	549,278	176,006	159,719	574,292	572,792
Capital improvements	2,093,385	2,746,641	1,998,861	1,120,488	1,007,286	912,072	1,657,932	3,481,440
Unreserved	5,992,620	6,040,111	4,057,992	3,923,723	4,848,829	5,074,180	4,294,605	3,806,172
Total General Fund	<u>\$ 8,423,594</u>	<u>\$ 8,991,045</u>	<u>\$ 6,339,725</u>	<u>\$ 5,745,896</u>	<u>\$ 6,177,101</u>	<u>\$ 6,418,089</u>	<u>\$ 6,621,529</u>	<u>\$ 7,969,765</u>
All other governmental funds								
Reserved for:								
Encumbrances	76,703	9,900	62,560	-	-	-	-	-
Noncurrent notes receivable	168,881	98,112	21,430	21,430	-	-	-	-
Nonexpendable trust principa	181,383	181,383	181,383	181,383	181,383	181,383	181,383	181,383
Inventory	-	11,278	9,983	16,765	8,779	1,381	1,913	1,570
Other purposes	301,264	345,844	301,677	237,075	220,359	250,625	308,738	220,016
Unreserved, reported in:								
Special revenue funds	1,609,555	521,494	1,233,916	1,522,457	1,910,085	2,133,056	2,043,550	1,257,243
Capital project funds	380,742	1,105,150	944,366	1,110,910	495,968	170,368	(314,839)	(1,497,919)
Permanent funds	376,052	296,718	283,704	344,609	380,013	413,424	516,812	383,739
Total all other governmental funds	<u>\$ 3,094,580</u>	<u>\$ 2,569,879</u>	<u>\$ 3,039,019</u>	<u>\$ 3,434,629</u>	<u>\$ 3,196,587</u>	<u>\$ 3,150,237</u>	<u>\$ 2,737,557</u>	<u>\$ 546,032</u>

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

Table 5

**CITY OF SACO, MAINE**  
**Changes in Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years (1)**  
**(modified accrual basis of accounting)**

	Fiscal Year							
	2001	2002	2003	2004	2005	2006	2007	2008
<b>All Governmental Funds</b>								
Revenues								
Property taxes	\$ 20,144,345	\$ 21,633,468	\$ 22,993,956	\$ 24,278,842	\$ 26,703,395	\$ 26,196,118	\$ 27,696,860	\$ 29,258,042
Licenses and permits	292,555	321,797	460,663	666,654	828,806	767,988	721,514	697,994
Intergovernmental	13,705,962	14,349,885	13,139,320	12,531,595	13,011,645	14,696,750	15,563,796	14,944,449
Intergovernmental on-behalf payments	1,233,881	1,380,823	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847
Charges for services	1,274,967	1,250,668	1,465,386	1,129,684	1,237,312	1,551,849	1,612,758	1,475,024
Other revenue	1,983,139	814,390	1,219,247	969,529	1,178,383	1,084,282	1,079,683	1,215,895
Total General Fund revenues	38,634,849	39,751,031	40,751,188	40,976,760	44,373,790	45,872,407	48,381,309	49,336,251
Expenditures								
General government	1,276,785	1,367,308	1,665,735	1,702,939	1,779,876	1,985,467	2,356,249	2,167,619
Public safety	3,614,790	4,002,925	4,198,832	4,074,543	4,527,592	4,491,147	4,891,530	5,081,794
Public works	2,815,080	2,959,648	3,115,397	3,300,696	3,664,176	3,757,464	4,208,601	4,371,335
Housing programs	175,994	170,247	200,651	205,501	272,246	230,010	254,352	256,359
Culture and recreation	327,358	378,551	430,672	485,750	585,146	638,353	786,248	879,544
Education	19,541,066	19,716,349	21,187,285	22,210,411	23,781,057	24,778,973	26,452,186	27,137,919
Maine State Retirement on-behalf payments	1,233,881	1,380,823	1,472,616	1,400,456	1,414,249	1,575,420	1,706,698	1,744,847
Unclassified	3,089,201	3,569,709	3,135,612	2,978,695	2,936,151	3,082,856	3,228,039	2,920,479
County Tax	356,525	604,281	795,896	747,821	772,182	859,723	896,282	958,270
Debt Service								
Principal	1,247,000	1,500,000	1,733,499	1,742,045	1,737,045	1,387,045	1,399,545	1,397,045
Interest and other charges	843,891	1,082,681	1,134,492	850,151	1,024,189	932,670	885,354	993,992
Capital Improvements	4,427,164	10,460,100	4,811,703	1,913,923	5,337,723	4,390,889	3,543,250	6,968,816
Total General Fund expenditures	38,948,735	47,192,622	43,882,390	41,612,931	47,831,632	48,110,017	50,608,334	54,878,019
Other financing sources (uses)								
Transfers in	2,363,766	1,341,785	956,606	2,174,043	1,693,259	1,428,089	1,109,530	1,392,265
Proceeds from capital lease financing	361,960	261,663	743,678	-	2,680,585	473,000	945,796	343,479
Proceeds from advance refunding of debt	-	-	5,162,057	-	-	-	-	-
Payment from advance refunding of debt	-	-	(5,162,057)	-	-	-	-	-
Bond proceeds	-	7,099,789	-	-	-	1,500,000	-	4,355,000
Transfers out	(2,152,370)	(1,136,785)	(751,262)	(1,756,091)	(1,033,226)	(968,841)	(1,109,530)	(1,392,265)
Total General Fund other financing sources (uses)	573,356	7,566,452	949,022	417,952	3,340,618	2,432,248	945,796	4,698,479
Extraordinary item								
Legal settlement	-	-	-	-	-	-	1,071,989	-
Total extraordinary item	-	-	-	-	-	-	1,071,989	-
Net change in fund balance	\$ 259,470	\$ 124,861	\$ (2,182,180)	\$ (218,219)	\$ (117,224)	\$ 194,638	\$ (209,240)	\$ (843,289)
Debt service as a percentage of noncapital expenditures	6.06%	7.03%	7.34%	6.53%	6.50%	5.58%	4.85%	4.99%

(1) Fiscal year 2001 is the initial year of implementation of GASB Statement No. 34.

Table 6

**CITY OF SACO, MAINE**  
**Assessed Value and State Equalized Value of Taxable Property**  
**Last Ten Fiscal Years**

Years ended	Real Property		Personal Property	Less Tax Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate	State Equalized Value (2)	Assessed Value as a Percentage of Equalized Value
	Residential Property	Commercial Property						
June 30, 1999	\$ 550,087,200	\$ 235,812,500	\$ 44,742,900	\$ 52,450,200	\$ 778,192,400	20.20	\$ 792,650,000	98.2%
June 30, 2000	565,271,300	248,883,400	54,962,840	60,459,600	808,657,940	20.40	818,850,000	98.8%
June 30, 2001	583,769,600	254,235,800	60,332,350	59,645,900	838,691,850	21.00	892,000,000	94.0%
June 30, 2002	611,135,700	263,357,800	59,380,400	59,645,900	874,228,000	21.95	1,011,250,000	86.5%
June 30, 2003	626,598,500	271,213,900	61,900,300	62,347,800	897,364,900	22.70	1,155,650,000	77.7%
June 30, 2004	861,989,300	285,046,008	62,688,800	73,234,208	1,136,489,900	18.70	1,310,350,000	86.7%
June 30, 2005	1,146,258,600	350,740,200	64,187,600	92,363,800	1,468,822,600	15.90	1,553,400,000	94.6%
June 30, 2006	1,395,948,300	470,733,500	66,373,500	143,289,500	1,789,765,800	12.96	1,805,400,000	99.1%
June 30, 2007	1,528,803,300	456,650,500	74,136,900	129,638,200	1,929,952,500	12.73	1,987,550,000	97.1%
June 30, 2008	1,559,973,158	492,623,102	76,748,500	134,287,860	1,995,056,900	13.32	2,170,350,000	91.9%

(1) Saco Assessing Office

(2) State of Maine, Bureau of Taxation

Table 7

**CITY OF SACO, MAINE**  
**Property Tax Rates - All Direct and Overlapping**  
**Governments (Per \$1,000 of Assessed Value)**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Direct		Overlapping		Total Tax Rate
	Municipal Tax Rate	School Tax Rate	County Tax Rate		
June 30, 1999	\$ 8.14	\$ 11.61	\$ 0.45	\$	20.20
June 30, 2000	8.26	11.69	0.45		20.40
June 30, 2001	8.89	11.67	0.44		21.00
June 30, 2002	9.62	11.97	0.36		21.95
June 30, 2003	8.97	12.85	0.88		22.70
June 30, 2004 (1)	7.01	11.02	0.67		18.70
June 30, 2005	5.61	9.76	0.53		15.90
June 30, 2006	4.53	7.91	0.52		12.96
June 30, 2007	4.98	7.29	0.46		12.73
June 30, 2008	5.10	7.74	0.48		13.32

Source: Saco Assessing Office

(1) City began valuation adjustments to bring values to 95 % of state equalized value by 2006.

Table 8

**CITY OF SACO, MAINE**  
**Principal Property Taxpayers**  
**Current Year and Ten Years Ago**

Taxpayer	2008			1998		
	Current year Assessed Value	Rank	Percentage of Total Assessed Value	Current year Assessed Value	Rank	Percentage of Total Assessed Value
General Dynamics Armament Systems	\$ 31,063,900	1	1.61%	\$ 28,099,400	1	3.69%
Central Maine Power Co.	14,494,700	2	0.75%	10,300,000	2	1.35%
Ferry Road Association	13,062,300	3	0.68%			
Biddeford & Saco Water Co.	12,452,100	4	0.64%	7,555,200	4	0.99%
FPL Energy Maine Hydro LLC	11,424,600	5	0.59%			
Shaw's Supermarket	10,145,200	6	0.52%			
Cormier Land Company/ DALCOR (Funtown)	10,108,200	7	0.52%	9,005,500	3	1.18%
James E. Clair Sr.				3,690,700	7	0.48%
Saco & Biddeford Savings Institution	9,844,200	8	0.51%	1,816,300	10	0.24%
Hannaford Brothers Co.	9,522,900	9	0.49%	3,958,600	6	0.52%
Grey M & Joseph D Emmons Trustees				6,360,500	5	0.84%
Ledgewood Terrace				2,292,300	8	0.30%
Academy Place				2,262,500	9	0.30%
Saco Valley LLC	8,683,400	10	0.45%			
Total Principal Taxpayers			6.76%			9.89%
All Other Taxpayers			93.24%			90.11%

Source: Saco Assessing Office

Table 9

**CITY OF SACO, MAINE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year Ended	Total Tax Levy for Fiscal Year (1)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
June 30, 1999	\$ 15,766,907	\$ 14,955,872	94.86%	\$ 803,819	\$ 15,759,691	99.95%
June 30, 2000	16,532,228	15,689,497	94.90%	836,091	16,525,588	99.96%
June 30, 2001	17,674,815	17,087,815	96.68%	577,677	17,665,492	99.95%
June 30, 2002	19,189,305	18,601,105	96.93%	567,997	19,169,102	99.89%
June 30, 2003	20,370,183	19,742,902	96.92%	619,093	20,361,995	99.96%
June 30, 2004	21,329,954	20,518,814	96.20%	784,808	21,303,622	99.88%
June 30, 2005	23,434,356	22,682,803	96.79%	542,682	23,225,485	99.11%
June 30, 2006	23,266,389	22,647,952	97.34%	580,890	23,228,842	99.84%
June 30, 2007	24,607,762	24,054,072	97.75%	366,508	24,420,580	99.24%
June 30, 2008	26,589,343	25,729,582	96.77%	-	25,729,582	96.77%

(1) Tax commitment plus supplemental taxes assessed during the fiscal year.

Table 10

**CITY OF SACO, MAINE**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year ended	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Debt	Capital Leases	General Obligation Debt	Capital Leases			
June 30, 1999	\$ 15,459,000	\$ 541,306	\$ 4,760,000	\$ -	\$ 20,760,306	5.73%	\$ 1,323
June 30, 2000	14,087,000	406,597	4,500,000	-	18,993,597	5.24%	1,216
June 30, 2001	12,735,000	588,489	4,240,000	-	17,563,489	4.16%	1,009
June 30, 2002	18,594,789	651,260	3,980,000	-	23,226,049	5.51%	1,342
June 30, 2003	17,235,867	1,012,490	3,720,000	-	21,968,357	4.97%	1,246
June 30, 2004	15,846,323	750,062	3,367,500	-	19,963,885	4.52%	1,142
June 30, 2005	14,461,778	3,449,932	3,015,000	-	20,926,710	4.74%	1,244
June 30, 2006	14,574,733	3,197,961	2,665,000	-	20,437,694	4.63%	1,215
June 30, 2007	13,172,688	3,359,272	2,320,000	-	18,851,960	4.27%	1,121
June 30, 2008	16,130,643	2,808,019	1,975,000	-	20,913,662	4.73%	1,243

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) - See the Schedule of Demographic and Economic Statistics on page 118 for personal income and population data.



Table 11

**CITY OF SACO, MAINE**  
**Ratios of General Bonded Debt Outstanding**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Obligation Debt</b>	<b>State Assessed Value of Property (1)</b>	<b>Per Capita (2)</b>
1999	\$ 20,219,000	2.55%	\$ 1,323
2000	18,587,000	2.27%	1,216
2001	16,975,000	1.90%	1,009
2002	22,574,789	2.23%	1,342
2003	20,955,867	1.81%	1,246
2004	19,213,823	1.47%	1,142
2005	17,476,778	1.13%	1,039
2006	17,239,733	0.95%	1,025
2007	15,492,688	0.78%	921
2008	18,105,643	0.91%	1,076

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) - See the schedule of Assessed Value and State Equalized Value of Taxable Property on page 110 for property value data.

(2) - Population data can be found in the Schedule of Demographics and Economic Statistics on page 118.

Table 12

**CITY OF SACO, MAINE**  
**Direct and Overlapping Governmental Activities Debt**  
**General Obligation Bonds**  
**As of June 30, 2008**

<b>Jurisdiction</b>	<b>Net general obligation bonded debt outstanding</b>	<b>Percentage applicable to government</b>	<b>Amount applicable to government</b>
Direct:			
City of Saco	\$ 16,130,643	100.00%	\$ 16,130,643
Overlapping debt:			
York County	14,739,439	6.95%	1,024,391
	<b>\$ 30,870,082</b>		<b>\$ 17,155,034</b>

Table 13

**CITY OF SACO, MAINE**  
**Statutory Debt Margin Information**  
**Last Ten Fiscal Years**  
**In Accordance with 30 MRSA, Section 5061 as Amended**

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total net debt applicable to limit</b>	<b>Legal Debt Margin</b>	<b>Total net debt applicable to limit as a percentage of debt limit</b>
1999	\$ 118,897,500	\$ 20,760,305	\$ 98,137,195	17.46%
2000	122,827,500	18,993,597	103,833,903	15.46%
2001	133,800,000	17,563,489	116,236,511	13.13%
2002	151,687,500	23,226,049	128,461,451	15.31%
2003	173,347,500	21,968,357	151,379,143	12.67%
2004	196,552,500	19,963,885	176,588,615	10.16%
2005	233,010,000	20,926,710	212,083,290	8.98%
2006	270,810,000	20,437,694	250,372,306	7.55%
2007	298,132,500	18,851,960	279,280,540	6.32%
2008	325,552,500	20,913,662	304,638,838	6.42%

**Legal Debt Margin Calculation for Fiscal year 2008**

	<b>Outstanding bonds and leases</b>	<b>Percent of state assessed value \$2,170,350,000</b>	<b>Allowable Amount</b>	<b>Margin</b>
For school purposes	\$ 6,440,765	10.00%	\$ 217,035,000	\$ 210,594,235
For waste water treatment plant	1,975,000	7.50%	162,776,250	160,801,250
For municipal	12,497,897	7.50%	162,776,250	150,278,353
<b>Total</b>	<b>\$ 20,913,662</b>	<b>15.00%</b>	<b>\$ 325,552,500</b>	<b>\$ 304,638,838</b>

Table 14

**CITY OF SACO, MAINE**  
**Demographic and Economic Statistics**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate (3)</b>
1999	15,280	\$ 362,258,240	\$ 23,708	33.5	2,803	1.7%
2000	15,280	362,258,240	23,708	33.5	2,808	1.3%
2001	16,822	421,862,116	25,078	37.2	2,813	2.0%
2002	16,822	421,862,116	25,078	37.2	2,816	2.6%
2003	16,822	441,863,474	26,267	37.2	2,866	2.5%
2004	16,822	441,863,474	26,267	37.2	2,851	3.6%
2005	16,822	441,863,474	26,267	37.2	2,776	4.0%
2006	16,822	441,863,474	26,267	37.2	2,823	3.1%
2007	16,822	441,863,474	26,267	37.2	2,795	3.2%
2008	16,822	441,863,474	26,267	37.2	2,801	4.3%

(1) - U.S. Department of Commerce, Bureau of Census (1990 and 2000)

(2) - Maine Department of Education. Figures are based on April 1 enrollment

(3) - Maine Department of Labor

Table 15

**CITY OF SACO, MAINE**  
**Principal Employers**  
**Current Year and Ten Years Ago**

Employer	2008			1998		
	Employees	Rank	Percentage of Saco's Labor Force	Employees	Rank	Percentage of Saco's Labor Force
Sweetser Children's Services	479	1	5.19%	187	4	2.02%
Saco School Department	290	2	3.14%	220	3	2.38%
Hannaford Brothers	250	3	2.71%	160	6	1.73%
Wood Structures, Inc.	208	4	2.25%			
General Dynamics	183	5	1.98%	425	1	4.60%
Visiting Nurses Association	178	6	1.93%	232	2	2.51%
City of Saco	169.5	7	1.84%	138	7	1.49%
Shaw's Supermarkets	142	8	1.54%	170	5	1.84%
Thornton Academy	132	9	1.43%	110	8	1.19%
Saco & Biddeford Savings	99	10	1.07%			
Holman Cooking Equipment				75	9	0.81%
Lynn-Flex				75	10	0.81%

Source: Maine Department of Labor and U.S. Department of Labor

**CITY OF SACO, MAINE**  
**Full-Time Equivalent City Government Employees by Function**  
**Last Ten Fiscal Years (1)**

<b>Function:</b>	<b>Full-time Equivalent Employees as of June 30</b>								
	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government	22	22.5	23.5	25	25.5	26	26.5	26	26
Public Safety									
Police	39	41	46	46	46	46	47	47	47
Fire	28	28	28	32	36	36	36	40	40
Public Works	29	31.5	32.5	33.25	33.75	34.75	34.25	34.25	34.25
Parks & Recreation	5	5	6	6.75	6.75	6.75	6.25	8.25	8.25
<b>Total General Fund</b>	<b>123</b>	<b>128</b>	<b>136</b>	<b>143</b>	<b>148</b>	<b>149.5</b>	<b>150</b>	<b>155.5</b>	<b>155.5</b>
Waste Water Treatment Plant	9.5	9.5	12.5	12.5	13	13	14	14	14
<b>Total Enterprise Fund</b>	<b>9.5</b>	<b>9.5</b>	<b>12.5</b>	<b>12.5</b>	<b>13</b>	<b>13</b>	<b>14</b>	<b>14</b>	<b>14</b>

(1) Data unavailable for fiscal years 1996-1999, so only nine years of data has been presented.

Table 17

**CITY OF SACO, MAINE**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years (1)**

Function	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General Government										
Building permits										
Single family	130	94	103	100	105	67	69	67	53	44
Condos	0	0	0	3	28	33	66	53	39	24
Commercial	79	70	82	76	87	78	83	71	30	25
Total number permits issued	575	540	505	543	631	585	565	598	504	460
Public Safety										
Police										
Number of calls for service	not avail	not avail	24,896	25,280	25,571	21,974	26,054	25,644	25,221	26,855
Number of traffic stops	not avail	not avail	8,126	7,896	8,922	7,876	8,497	6,681	5,636	5,869
Number of traffic summons issued	not avail	not avail	1,461	1,926	2,469	1,766	2,213	1,942	1,258	1,243
Number of warnings issued	not avail	not avail	5,102	5,301	5,618	5,927	5,908	4,548	3,998	4,409
Number of traffic related arrests	not avail	not avail	191	170	245	183	218	273	176	191
Number of non-traffic related arrests & summons	not avail	not avail	780	1,020	817	333	465	952	559	1,122
Number of parking tickets issued	not avail	not avail	406	420	1,218	551	567	913	509	509
Fire										
Number of calls for service	not avail	not avail	2,181	1,868	1,928	1,152	668	527	685	683
Number of inspections conducted	not avail	not avail	225	280	250	350	320	311	348	242
Ambulance										
Number of calls for service	not avail	not avail	1,735	2,214	2,215	1,915	1,960	1,846	2,152	2,176
Public Works										
Number of roads maintained	366	368	370	372	375	378	382	384	384	386
Lane miles of roads maintained	245	247	248	250	251	253	255	257	260	262
Acres of public area maintained	342	346	350	354	358	364	369	379	384	404

The information not available is within the years before the City began to prepare a Comprehensive Annual Financial Report. The data was therefore not accumulated in this manner prior to that time.

Table 18

**CITY OF SACO, MAINE**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years (1)**

	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Function										
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	6	6	6	6	6	6	6	6	6	6
Fire										
Stations	3	3	3	3	3	3	3	3	3	3
Public Works										
Street lights	1620	1645	1683	1726	1766	1791	1804	1825	1842	1842
Traffic signals	146	146	146	147	147	148	148	148	148	148
Recreation										
Parks	10	10	10	10	10	10	10	10	10	10
Park acreage	100	100	100	100	100	100	100	100	100	100
Tennis courts	6	6	6	6	6	6	6	6	6	6

Sources: Various City departments.

Note: No capital asset indicators are available for the general government function.